PUBLIC ISSUES SHAPING
THE 1995 FARM BILL

Report of Seminar
College of Agriculture, Food
and Natural Resources
University of Missouri-Columbia
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Because the current farm law will expire in 1995 and the drafting of a new one will get underway early in the year, it seemed reasonable to devote the 1994 Breimyer seminar on agricultural policy to the issues that will enter into writing a new law. However, program planners lacked clairvoyance about how the November elections would affect the make-up of Congress. As will be clear from the papers in this proceedings report, speakers admitted their uncertainties as to what lay ahead. They did, however, identify the relevant issues.

PLEASE NOTE: for cost-saving the papers published here are not the complete text of the presentations, but condensations or abstracts. We believe that the essential message has been preserved.

John E. Ikerd, Chairman, Seminar Committee

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Agricultural Marketing and Policy
College of Agriculture, Food
and Natural Resources
and
Extension Division

University of Missouri-Columbia

November 17-18, 1994
Columbia, Missouri
KEY ISSUES FRAMING THE 1995 FARM POLICY DEBATE

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Will there be a 1995 farm bill? It's too early to tell what the recent Congressional shakeup means in terms of individual programs and policies. Much will depend on how quickly the Republicans can act on items in their "Contract with America." Nonetheless, many persons in Washington are asking fundamental questions such as these:

- How will the larger macro-politics and budget decisions affect the farm bill debate?
- Despite this year's estimated bumper crops and the unexpected higher wheat prices, what type of revenue assurance programs will be adopted by the 104th Congress?
- How will environmental issues be addressed? Will the 1995 farm bill provide the only "real" legislative venue for environmental policies in the 104th Congress?
- How much of the farm bill debate will be settled in the implementing legislation for GATT?

Despite the success of production agriculture, policymakers are asking these and other questions about the cost and effectiveness of the various economic tools that have been put in place to support agricultural production. There are also questions regarding our national investment in research, education, and Extension programs.

Post-election newsclips predict that Congressman Pat Roberts of Kansas will be the new chairman of the House Agriculture Committee and Senator Richard Lugar of Indiana will head the Senate Committee. The House Committee will likely have a net gain of seven Republican members, and the Senate Committee four.

Democrats face an array of unfamiliar choices as they adjust to the end of their four-decade reign on Capitol Hill and struggle for a comeback strategy that avoids the dangerous extremes of capitulation and obstruction. But it appears that among both House and Senate Democrats, alternative strategies abound, causing problems in forging a united front for dealing with the Republicans.

In addition to the change of Congressional leadership, new interests and power brokers have emerged. Traditional farm interests now share control with a multitude of non-farm and environmental interest groups. The essential elements for crafting farm policy legislation will consist of compromise, searching for common ground, building coalitions, and maintaining support across political party lines.
Key Issues in a 1995 Farm Bill

Even with the major change in Congress, it appears that the debate on commodity provisions will focus on several key issues:

- The nature and level of price and income protection.
- Taxpayer and consumer costs of such programs.
- The natural resource conservation and environmental requirements of those programs.
- How the programs will affect our international competitiveness.

Certainly, other major conservation and environmental legislative vehicles will impact the 1995 farm bill, among them the Clean Water Act, the Endangered Species Act, and FIFRA.

Sustainability. Serious debate can be expected over how much of USDA and state research and Extension programs is relevant to sustainability and environmental protection. Current efforts by the Cooperative State Research Service, the Extension Service, and the Agricultural Research Service to classify programs could play a critical role.

Some commodity groups will suggest that the Integrated Resource Management (IRM) and related programs serve as a viable alternative to sustainable programs. Others argue that Integrated Management Systems (IMS) focus on economics and production and that they have not been designed to address environmental concerns. Moreover, the Senate is likely to critique very closely USDA’s efforts to integrate sustainable agriculture principles, as identified in the 1990 farm bill into their ongoing programs, particularly with regard to setting of priorities.

Disaster protection and crop insurance. What will these programs cost? Where will the additional funding come from? Should Congress consider a new type of disaster payment? Should Congress mandate national multiple peril crop insurance or area wide crop insurance; or privatize the crop insurance program altogether?

Viability of rural economies. Mechanisms for economic development are both institutional and organizational. At the institutional and public policy level, Congress could create new public service areas that cut across communities and geographic boundaries, including possibly state boundaries. These areas could be identified for purposes of service delivery and training. As less than 12 percent of the rural population is engaged in natural resource based production, rural development must have an industrial component.

Food safety, nutrition, and health. These concerns challenge traditional agricultural interests. But the recent food safety problems with meat and poultry products virtually assure more attention to food safety and human nutrition programs as a farm bill is drafted.
The Unholy Trinity for the 104th Congress

Issues of unfunded mandates, private versus public property rights, and risk assessment have been called the "unholy trinity." As a result of the Republicans' "Contract with America," the GOP leadership will give these priority in the 104th Congress. Unfunded mandates are federal government mandates to states that are imposed without federal funding. Governors have called for a constitutional amendment on unfunded mandates but Congress is likely to move legislatively first.

NASULGC’s Farm Bill Working Groups

Immediately following enactment of the 1990 farm bill, the NASULGC leadership began formal discussions regarding preparations for the 1995 law. The discussions have been based on several key principles. First, it is critical that the land-grant and state university system be prepared to proactively enter into the legislative debates over the 1995 farm bill in a timely and effective manner. Second, the legislative debate over the 1995 farm bill language may encompass a number of new topical issues that the system has not had to address previously. Third, the legislative process is more "interlinked" than it has been in the past. The outcome of the debates that are taking place regarding reauthorization of the Clean Water Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, and Rodenticide Act, and other legislation may directly impact the issues the national university system will confront in the 1995 farm bill. Fourth, the priority areas of concern to university research, education, and Extension may not always coincide. And fifth, where there are areas of common interest, our respective efforts are greatly strengthened when we work together.

Building on lessons learned in the 1990 farm bill, we are optimistic that groups working on a 1995 law will be able to integrate technical knowledge as they address specific issues from a university system perspective. We hope they will be able to establish good relationships with members of Congress and their staffs. We expect the groups will draft supportive legislation for the Research, Education, and Extension Title of the 1995 farm bill.

I will not describe at length the make-up and functioning of our working groups. But it is worth noting that theirs is a joint extension and research activity. Each group is comprised of four or five individuals with an Extension appointment and four or give with a research appointment.

For the record, the 12 working groups address the following issues:

1. Sustainable Agriculture
2. Agricultural Chemicals/Environment
3. Water Quality and Clean Water Act
4. Farm Management
5. Natural Resource Management
6. Food Safety and Quality
7. Nutrition and Diet
8. Rural/Human Resource Development
9. Rural Health Care
10. Families and Youth Development
11. Impact of Technology on Agriculture
12. Advisory Group (composed of former Assistant Secretaries, Congressional Staff, and those involved in previous farm bills)
NASULGC Proposal for the Research, Education, and Extension Title (XVI)

Based on the Working Group discussion papers and directions from the Extension and Research Legislative Committees, AESOP has developed a draft outline for the Research and Education Title as a point of departure for further discussion by the NASULGC leadership.

I cannot review here the entire portfolio of topics the working groups have addressed, or their initial positions (still in draft). That information can be made available on request. Land Grant universities and colleges intend to play a more active role in agricultural legislation. Therefore, the groups' activities have a bearing on both the institutions themselves, and on prospective emphases in a 1995 farm bill.

The groups reaffirm the long standing mission of their institutions to "develop science-based solutions to the practical problems of American agriculture and the socio-economic conditions of rural communities." We are concerned for what is broadly called the industrialization of agriculture. Obviously, we give priority to the environment and natural resources. We are sensitive too to how environmental, international trade, and other pressures bear on the sustainability of traditional agricultural production systems. We never lose interest in the processing of farm products, and now give more attention to non-food uses for farm products. Issues in food and nutrition have been highlighted in my remarks above.

Conclusion

The University System will be present at the bargaining table during the 1995 farm bill debate(s), and prepared to make a contribution. As the political process unfolds and the multitude of players from the American Farm Bureau to the Wildlife Federation participate, will we overhaul our farm policy or just make "minor" changes? Will the Republican controlled Congress make major changes to farm programs? If so, how many and what kind?

Given the budget constraints and the Republicans' "Contract with America," will the subsequent changes be considered minor by most farmers and ranchers?

It has been suggested that unless the 1995 farm bill is carefully designed, farm programs as we know them today could unravel. The balance, or imbalance, between farm subsidies, environmental provisions, trade provisions, and food programs could contribute to the unraveling.

I admit that the factors that will shape the 1995 farm policy debate are complex and dynamic. No easy solutions are at hand and the search for solutions will not be simple. Decisions about farm policy will require a sustained dialogue among many interested parties. I hope my presentation will serve as a small contribution to an ongoing dialogue in the days and months ahead.
Introduction

The 117-nation trade agreement signed in December 1993 concluded the Uruguay Round of trade negotiations carried on under the General Agreement on Tariffs and Trade (GATT). Despite long and often bitter negotiations, stalemates, seemingly irreconcilable differences, and several earlier deadlines missed, the Uruguay Round has been declared a success. When the Round was initiated at Punta del Este (1986), agricultural trade reform was declared to be a central issue, with the goal of substantial liberalization. However, it is obvious that real liberalization was not achieved in the final text. The bold proposals by the United States and Cairns Group for near elimination of trade-distorting practices had been watered down by the time of the submission of the Dunkel text in December 1991. They were further reworked by the Blair House agreement in December 1992, and were all but negotiated away in the Uruguay Round Final Act of December 1993. The great hopes of the mid-term review in April 1989 were reduced to grudging concessions four years later. Where's the success? Perhaps it is just partial.

Agriculture was one of 15 major sectors included in the Uruguay Round discussions. Other sectors too had conflicts, but the agreement made some important strides in several areas including finance and intellectual property. The Uruguay Round was conducted in an environment that encouraged regional trade agreements such as the North American Free Trade Agreement (NAFTA) and unilateral policy changes such as Common Agriculture Policy (CAP) reform in the European Union (EU) and PROCAMPO in Mexico. Expansion of several free-trade areas is currently under consideration. These reductions in trade distortion can be considered as fruit of the Uruguay Round.

Within agriculture, the idea of tariffication of import barriers was accepted, making trade barriers transparent for the first time. Schedules for reduction of the new tariff equivalents have been submitted by GATT member countries. Although the tariff rates for imports beyond minimum access levels will still be largely prohibitive, the stage is set for future meaningful reductions. Perhaps the biggest reason the Uruguay Round can be considered a success for agriculture is that the round ended with agriculture included. An agreement including agriculture indicates that countries are finally willing to graze domestic agriculture's sacred cows in a global pasture.

The implications of the Uruguay Round for sectors other than agriculture will not be considered here, except for the assumption that combined impacts from all sectors will lead to increased income growth around the world. With regard to agriculture, the significance of
NAFTA, CAP Reform, and the new GATT can be compared. NAFTA’s impacts on U.S. agriculture are generally positive but very small relative to the impacts of CAP reform and the GATT. The CAP reform, because of significant land-set-asides and reductions in price supports for grains and beef, probably has a larger positive impact on U.S. markets for these products than will the GATT. For other products, which were not directly affected by CAP reform, the GATT agreement will be the principal source of market impacts.

The direct impacts on agriculture resulting from the Uruguay Round are primarily derived from commitments for increased import access and reduced subsidization of exports. The other factor that is significant for many commodities is the increased global income levels expected to result from the Uruguay Round GATT agreement.

Summary Data

The analysis used in this paper was conducted by the Food and Agricultural Policy Research Institute (FAPRI). It draws on country schedules of commitments for Uruguay Round disciplines for agriculture. These are generally based on the Dunkel text with revisions as specified in the Blair House agreement of November 1992.

Proposed changes in trade-distorting policies are aimed at four areas: internal support, export subsidies, market access, and sanitary and phytosanitary measures. Table 1 presents general descriptions of the Uruguay Round disciplines for market access, export subsidization, and internal support. However, as the footnote indicates, specific commitments may differ from the "disciplines" as shown.

Market access is to be achieved in various ways. For developed nations with nontariff barriers, those barriers are converted into tariff equivalents and reduced during six years, for all agricultural goods, by a simple average of 36 percent from the 1986-88 average tariff equivalent. Tariffs for individual commodities are required to be reduced by a minimum of 15 percent over six years. Any tariff reduction of more than 15 percent that would result in increased imports of that commodity is assumed to revert to the 15 percent minimum. It is likely that the simple average reduction of 36 percent will be met through higher tariff reductions on minor commodities.

Terms of access are that where import barriers are in place, access to the domestic market is required to be 3 percent of domestic consumption in 1995, increasing to 5 percent by 2000 (minimum access), or current access of 1986-88 average import levels, whichever is greater. However, in some cases, market access commitments differ from those defined by minimum and current access rules.

Export subsidization is subject to potential constraint in two ways. Expenditures are to be reduced 36 percent from the 1986-90 reference period average, and quantities exported with subsidies are to be reduced 21 percent from 1986-90. The proposed quantity reductions were 24 percent in the Dunkel text, but were changed to the current 21 percent in the Blair House agreement and maintained at that level in the Uruguay Round Final Act. Reductions are to be made from 1995 to
Table 1. Uruguay Round Disciplines

<table>
<thead>
<tr>
<th>Category</th>
<th>Developed Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Subsidy Reductions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>36% reduction from base level</td>
<td>24% reduction from base level</td>
</tr>
<tr>
<td>Quantity</td>
<td>21% reduction from base level</td>
<td>14% reduction from base level</td>
</tr>
<tr>
<td>Internal Support Reductions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Level</td>
<td>1986-88 average</td>
<td>1986-1988 average</td>
</tr>
<tr>
<td>AMS</td>
<td>20% reduction from base level</td>
<td>13% reduction from base level</td>
</tr>
<tr>
<td>Credits allowed starting from:</td>
<td>1986</td>
<td>1986</td>
</tr>
<tr>
<td>de minimis provision</td>
<td>exempt if support is less than 5% of</td>
<td>exempt if support is less than 10%</td>
</tr>
<tr>
<td></td>
<td>value of production</td>
<td>of value of production</td>
</tr>
<tr>
<td>Market Access (higher of the minimum</td>
<td>1986-88 average</td>
<td>1986-88 average</td>
</tr>
<tr>
<td>or Current Access):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Level</td>
<td>3% of base level consumption in 1995</td>
<td>3% of base level consumption in</td>
</tr>
<tr>
<td></td>
<td>increasing by 5% by 2000</td>
<td>1995 increasing by 5% by 2000</td>
</tr>
<tr>
<td></td>
<td>Base level imports</td>
<td>Base level imports</td>
</tr>
<tr>
<td>Current Access</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Level</td>
<td>36% on average, with a minimum of</td>
<td></td>
</tr>
<tr>
<td>Total Reduction</td>
<td>15% per individual tariff line</td>
<td></td>
</tr>
<tr>
<td>Minimum Reduction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For several countries, including Canada, the European Union, Japan and the United States, specific commitment levels were agreed upon which may differ from the levels implied by the above general statements on disciplines. For these cases, the specific levels supersede the rules for implementation.

2000 in equal increments. However, the beginning level for reduction of either quantities or expenditures can be from 1986-90 average levels or 1991-92 average levels, whichever is greater. In either case, the final reduction commitment must be no less than 21 percent of the 1986-90 average level. This is the "no front loading" feature which does not necessitate a large adjustment in the first year and permits reduction of large stocks of grain via export channels for the EU. Export subsidies under a bona fide food aid program are not subject to reduction.

Internal support, as measured by an aggregate measure of support (AMS) using fixed reference prices, is reduced by 20 percent from the 1986 level. According to the Dunkel text, the AMS reductions were to be commodity specific; that is, each commodity was subject to AMS reductions. With the Blair House agreement, this was changed to an agricultural sector-wide AMS, allowing the AMS for some commodities, such as U.S. sugar, to avoid reduction so long as the aggregate AMS reduction is at least 20 percent. With the Blair House agreement, U.S. deficiency payments and EU compensatory payments of the reformed CAP.
were exempted from inclusion in AMS calculations, and therefore from reduction. This is consistent with the final agreement.

Rules regarding the AMS are complicated but will not be recounted here because many countries including the United States have already met the AMS requirements through unilateral policy changes. Generally, strong instruments for discipline, applying to market access and export subsidization, are not imposed on internal supports. Countries are, however, constrained from expanding internal support indiscriminately.

Based on studies by macroeconomic analysts, world GDP is assumed to be nearly 1.5 percent higher by 2002 as a result of the GATT agreement. Estimated impacts in specific countries and regions range from 3 percent in most Asian countries to less than 1 percent in most African countries. These are conservative figures but still result in an increase of world GDP of $425 billion annually (in 1993 dollars) by the year 2002. This is roughly equivalent to adding two Indonesias to the world economy every year.

Key Impacts of the GATT

As already stated, the main sources of GATT impacts are the import access and export subsidy commitments. To this must be added the income effect, which is a significant added stimulus to demand for many U.S. commodities. For wheat, feed grains, beef, pork, broilers, and cheese the largest market impact is expected to originate in decreased exports, or increased imports, by the European Union. For butter and nonfat dry milk, the largest market impact would originate from decreased exports and increased imports by the United States. For rice the largest impact would originate from increased imports by Japan.

Except for dairy products and sugar, the initial policy changes are expected to result in increased U.S. exports and higher prices. The larger export demand for pork and poultry would also increase domestic demand for feed grains and soymeal and add strength to these markets. By 2000, increases in U.S. farm crop prices are estimated to range from a high of over 8 percent for rice to a low of less than 1 percent for cotton. Livestock price gains are estimated to vary between a high of nearly 2 percent for broilers to a low of 1 percent for steers. Sugar and milk prices are not expected to change significantly.

As a consequence of stronger markets and higher prices, deficiency payment costs are expected to decrease; and reduced export subsidies also would cut government program costs. The combined impact of these factors is a government cost reduction of more than $1 billion annually from 1997 forward. The positive impact on net farm income is estimated to average about $1.4 billion annually. The most remarkable impact is an estimated increase in the value of agricultural exports by an average of $3.7 billion annually for the period 2000-2002. This is a result of prices and exports increasing concurrently for many commodities. Two-thirds of this increase is expected to be in animals and animal products.
Implications for Future Policy

The United States is expected to respond within the framework of existing commodity programs for crops by reducing set-aside rates. In subsequent GATT (or World Trade Organization (WTO)) negotiations, if deeper cuts are made in export subsidies and if market access becomes greater, the United States may not be able to respond in the same manner as these GATT scenarios suggest. Idle land in the United States is not a limitless resource. When set-aside rates reach zero, world price increases will give other countries more of an opportunity to respond. Grain exporters such as Canada, Argentina, and Australia would likely benefit more from future rounds. It might also be possible for the EU to gain substantially because of its idle land resulting from CAP reform. Future reductions in trade-distorting policies will produce different distributions of benefits.

It is possible that other countries will respond in ways not assumed here. The case of the EU grains programs is just one example. since one of the GATT goals is to eventually put world agriculture on a level playing field with opportunities for competition, this must be viewed as a fair result. Some important implications of reaching these goals follow, however. Efficient producers will have advantages over less efficient ones. Where agriculture has been heavily protected, significant structural change might be necessary not only to compete on world markets, but merely to remain in business. Resource allocation is likely to shift to the efficient producers, or even to other industries. In the long run, countries must be willing to accept these changes as agriculture becomes more open. In the short run, these implications will probably become reason for cautious negotiations, just as they were in the Uruguay Round.

While the final agreement is viewed in a positive light, some negative impacts also are to be seen. Income growth will offset world price increases only in those countries with industries that benefit from the Uruguay Round. These countries will be able to increase import expenditures. Countries that do not benefit sufficiently from the GATT agreement may not be able to import necessary quantities of food and other products. Often, these are already among the world’s poorest countries. Many of them are currently beneficiaries of subsidized exports of agricultural commodities. At the same time, higher world prices will not often stimulate their domestic agriculture to respond sufficiently to offset smaller imports. Countries that benefit the most from the Uruguay Round, particularly the developed countries, will face moral issues.

Arriving at an international trade agreement that includes agriculture, even a compromise agreement, is the first step in what could be a long process toward achieving real trade liberalization for what has been, in many countries, a highly protected industry. The impacts of the Uruguay Round will include some surprises. Because implementation of commitments to reduce trade barriers has not yet begun, the scenarios presented here are only an estimate of what might happen. As the actual impacts of the Uruguay Round begin to unfold toward the end of the 1990s, countries will adjust their expectations and their negotiating positions for future rounds. There will be more
international pressure to reduce trade distortions just as certainly as there will be continued domestic pressures to maintain protection. However, the Uruguay Round ended with agriculture included, and future rounds will likely build on what has been accomplished to this point. This is perhaps the most enduring success of the Uruguay Round.

The constraints on U.S. policy are fairly evident from the tariffication, import access, and export subsidy disciplines that are contained in the agreement. Such disciplines are only necessary for commodities that are protected from imports or assisted with subsidies. For example, the pork and poultry industries have no market access requirement because there are no import restrictions. Basically, the GATT agreement limits the measures that can be used to support agricultural commodities. If measures are used that distort trade, these are constrained by GATT. If measures are used that do not interfere with trade, such as crop insurance or decoupled payments, they are not constrained. Since the United States has fewer protectionist policies than most developed countries do, most U.S. commodities benefit from the GATT agreement, and those that benefit most are those that have been less protected.

References


When I was invited to speak at this seminar, most policymakers would have predicted that on November 17, Senator Leahy's staff, Congressman de la Garza's staff, and the Clinton Administration would have a blueprint of agricultural and environmental policy for 1995 ready to share with you.

Not after November 8th. Most blueprints have been torn up and thrown out the window. Or at the very least, they are being intensely re-examined.

So I confess that I don't have 45 minutes' worth of wisdom.

It's hard to convey fully the mood in Washington. It's been as though a political tornado struck our national capital. Tornados are hard to predict, even by the best weathermen. And you just never know where they might touch down and where they will pass over.

Most Washington weathermen correctly forecast that the Republicans would take control of the Senate. This will be third time in the last fourteen years the Senate has changed hands. We on the Senate side are a little more used to the experience.

If only the Senate changed hands, I could offer fairly good predictions of agricultural and environmental policy. It would be a variation on the divided government we had in the first six years of the Reagan Administration: one party controlling the White House and half of Congress, the other party controlling the other half of Congress.

But hardly anyone, except for Speaker-in-waiting Newt Gingrich and a handful of GOP loyalists, forecast the Republican takeover of the House.

It's been 40 years since the Republicans controlled Congress with a Democrat in the White House. Obviously, the political and economic issues facing our country today are vastly different from those of 1954.

David Waggoner lays out in his paper, accurately I think, the macro-environment and other variables that will have to be contended with. The new Republican leadership is just beginning to make decisions about deficit reduction, deregulation, and a reinstated Reagan program of 1981. What will materialize cannot yet be known.

But I can tell you a little bit about the issues we grappled with in the last Congress, and those that are likely to resurface as the
Republicans work to deliver on the promises made in their Contract with America.

The Unholy Trinity

A trio of issues that came up repeatedly in the last Congress were risk assessment and cost-benefit rules, unfunded mandates, and property rights. Environmentalists dub these the unholy trinity because they believe that the amendments are not designed to do what their proponents claim, namely, restore common sense and fiscal responsibility to regulations.

Instead, environmentalists believe that these amendments would serve a larger and perhaps more nefarious purpose, namely, to undermine standards Congress had already agreed to in a variety of environmental laws. They argue that these amendments would increase bureaucracy and paperwork, resulting in more, not less, government. Therein would lie a contradiction, inasmuch as conservatives generally favor a reduced role for government.

I will focus on risk assessment, which is specifically mentioned in the Contract with America; and takings, which the press calls a likely issue for the next Congress.

Risk assessment and cost-benefit analyses are already attached to health and environmental regulations coming out of the U.S. Department of Agriculture. As part of the USDA reorganization bill signed by President Clinton, an office will be established to conduct risk assessment and cost-benefit analyses on health and environmental regulations proposed by the Department. Congressman Roberts, who will be chairman of the House Agriculture Committee, refused to accept a reorganization bill without this amendment.

The real debate will be whether the Environmental Protection Agency and other government units will have to establish a similar office and whether a new risk-benefit standard will be applied to pesticide regulations, a question I will touch on below.

"Takings" amendments didn’t fare as well as risk assessment in the last Congress. A few were enacted by one House of Congress or the other, but none became law.

The amendments took several forms, all designed, the sponsors said, to improve upon the Constitutional guarantee that government cannot take private property unless it pays just compensation.

Don’t miss the critical distinction. The Constitution doesn’t say the government can’t take private property. It does require that just compensation be paid.

Courts have spent 200 years interpreting what this means. When is private property taken? What is "just" compensation? In some limited circumstances, the courts have said, application of a particular regulation to a particular piece of property can result in a taking under the Constitution. These were case-by-case decisions.
Many farm groups have jumped on the "takings" bandwagon, thinking that such legislation will shield them from further health and environmental regulation. What these groups may not have carefully considered, however, is that takings legislation may not be a shield at all. Instead, it may be a powerful sword to attack Federal farm programs, which are worth billions to the American farmer.

Many takings bills, if enacted, will give anti-farm forces new opportunities to sue farmers. All that will be required is creative lawyers, of whom there are plenty.

Here are a few examples of lawsuits that could be filed:

1. The oil companies could sue EPA to stop the agency’s pro-ethanol rule, arguing that it takes their property because it reduces the value of natural gas.
2. A grain trading company might sue USDA to stop it from extending the Conservation Reserve Program because it cuts back the amount of grain the company can export.
3. The major seed companies conceivably might sue to stop farmers from selling hybrid seed varieties owned by the seed companies.

There may be a different backlash at the state level. Every state has a right-to-farm law, which protects farmers from nuisance suits. Public support for such legislation may erode if farmers seem to be concerned only about their own property values, but not those of other citizens, especially when farmers are seeking continued public support for farm subsidies.

This is not a hypothetical threat. Courts in Ohio and Iowa are considering challenges to the state’s right-to-farm law, brought in part by farmers’ neighbors who claim farm operations have reduced their property values.

Therein lies a clue as to how the takings debate could play out. To date, the debate has been framed as property versus the environment. I think the debate will be reframed soon. It will become large property holders versus small property holders, namely homeowners, or urban versus rural. This division will also work against farm interests as they try to maintain support for farm subsidies.

Should every federal agency make sure that it does not violate the Constitution by taking private property without just compensation? Yes. Do we need more legislation, more bureaucracy, more studies, and more lawsuits to reach that result? My answer is "no."

I have previously mentioned pesticides in the context of risk assessments and cost benefit analyses. Ambitious pesticide reform bills were introduced in the last Congress. They died, almost on arrival, in committee.

The major stumbling block was the proper role seen for economic benefits, as limits are set for pesticide residues in foods. The National Academy of Sciences has told Congress that children are not
protected by our pesticide laws. The main problem, they say, arises because health considerations are not paramount in setting residue limits, and economic benefits are given too much weight.

On top of this, EPA is saddled with conflicting legal standards for regulating carcinogens in food. Sometimes a zero risk standard applies, sometimes a risk-benefit rule applies. The agency tried to reconcile the conflict and ended up getting sued.

So what is to be done about benefits? Most farm groups and food processors say that risk benefit should be applied across the board. In the last Congress about half of the House agreed. Not as many Senators agreed.

Environmental and health groups said benefits should be considered only in rare circumstances.

And the Administration came out in the middle, advocating that benefit considerations be phased out over time, so that health would eventually become the paramount concern, but without disrupting agricultural production in the process. Tactically, starting out with compromise, right out of the block, often doesn’t work.

This issue may come up in 1995, and it will be a rough one to resolve. The debate is likely to get polarized between cancer and children’s health issues, and economic interests.

A subset of the pesticide reform effort that more people have seemed to agree on is minor-use pesticides. What is a minor use pesticide is disputed, but generally the term refers to fruit and vegetable pesticides.

Congress came close to working out a compromise minor use bill last month, but ran out of time. Some companies have decided not to reregister fruit and vegetable chemicals. The reasons are disputed and hard to separate. Some say their decision is just economic, being based on the cost of having EPA renew the approval for using the chemicals.

Others say these so-called economic decisions are really calculated decisions about health risks and that we cannot afford to exempt the products involved from health and safety requirements.

The Senate Agriculture Committee worked on a compromise that would have allowed some exceptions so long as the minor use products were used in states with recordkeeping and reporting rules. Also, there would have to be risk reduction, either by using less of the product, or by developing an alternative.

After the legislative session ended, but before the election, sponsors of the minor use legislation and environmentalists graciously agreed to continue to work on a compromise that could be passed early in the new Congress. Whether this compromise will prove to be viable remains to be seen. Any changes to recordkeeping and reporting requirements will be controversial.
It's unclear which if any major environmental laws the new Republican Congress will take on -- clean water, safe drinking water, superfund, endangered species. The last Congress tried to reform the first three, with varying results. Ultimately, that Congress was not successful.

If the next Congress passes any radical reforms to these laws, President Clinton may have to decide whether to pull out his veto pen, which in the last two years has been gathering dust. It's not his style, but he'll be feeling a lot of pressure to do so.

But beyond doubt, he will be thinking about whether the tornado of 1994 will hit 1600 Pennsylvania Avenue in 1996. My advice is, stay tuned. But take all forecasts with a grain of salt.

THE RURAL DEVELOPMENT AGENDA

Wilbur T. Peer, Administrator
Rural Development Administration, USDA

I would like to tell you something about myself so you can understand why I have such a deep concern for the future of America and especially its rural communities. I grew up in Lee County, Arkansas, which was long counted among the six poorest counties in the nation. As a child I did not know that we were poor. We always had food to eat; we grew all of it except flour, meal, salt, pepper and things like that. I fell in the middle of a group of six boys and six girls. My older brothers and sisters went to Chicago to work to send money back home so we could finish high school. I went to college, then moved back to Lee County.

I moved back to Lee County because I believed then, as I believe now, that those of us who live in a community have to be a part of making improvements happen. That is one of the reasons I spent 10 or 15 years helping to develop rural water and sewer systems in some 24 counties in east and northwest Arkansas.

I also worked in the Arkansas Land and Farm Development Corporation (ALFDC), which is an organization started in 1980 to stop and reverse the loss of Black-owned land. About 1985, though, ALFDC started helping all farmers because they saw a continuing decline in family farmers in rural America. If you look at the decline in family farmers in rural America and the deterioration of the infrastructure there, you can see a direct correlation. Where family farmers decline, so does the moral fiber of the community and the local infrastructure.

I want to say a few words about the Clinton Administration's initiatives and especially the accomplishments of Secretary Espy. I will follow this with a more detailed look at what we have done in Under Secretary Bob Nash's mission area and what we plan to do in the future.
I mention health care first. It is by no means a primarily rural issue but has much meaning to rural America. President Clinton introduced sweeping proposals for reform of the health care system that, although not yet passed, certainly focused debate on this critical issue.

Two of President Clinton's initiatives have special importance for rural development. One is the Empowerment Zone and Enterprise Community program. This is not just a program inviting communities to apply for large amounts of Federal assistance. Instead, it is a demonstration of a new way of addressing rural problems. First, it attempts to address rural problems in a comprehensive way by requiring applicant communities to develop comprehensive social and economic development strategies. Second, it turns the Federal assistance around by putting responsibility for responding to community needs on the Federal government, not on the applicant. It is up to applicants to determine what their needs are, what their aspirations are, and what their resources are. Once they have done that, and have identified Federal programs they believe can help them meet their needs, then it is up to us at the federal level and for states at the state level to get those resources out to the communities. Third, it is targeted to those low income communities that have been left behind by social development and by initiatives in past administrations. The poverty that exists in many parts of rural America is a tragedy that cannot be allowed to continue. This initiative is intended to develop and demonstrate ways of overcoming economic stagnation and community complacency in areas of high poverty.

The second is the AmeriCorps program. This program was designed to provide rewarding personal work experiences for student volunteers in exchange for small stipends and education credits. Federal agencies were required to bid for funding under the AmeriCorps program. USDA was the most successful department in this competition and has approximately half of the AmeriCorps volunteers operated through federal agencies. Of these, some 400 volunteers are taking part in Rural Development Teams that are providing a broad range of community outreach services to rural communities, especially those in low-income areas. We are proud of this program, which involves participants whose undergraduate and graduate training has given them professional skills to use in working with rural communities, and we regard this program as a major step forward in building the capacity for effective action that rural communities need as they plan for the future.

Secretary Espy has provided major leadership to reinvigorate USDA's rural development programs. One of his main achievements has been to establish the Water 2000 initiative. On August 10, 1994, we launched this initiative with a round table discussion. The Secretary's goal is to put hot and cold running water in every rural household by the year 2000. This goal is ambitious. We estimate that more than 500,000 households in rural America lack running water. About 7.1 million households are either without running water or are out of compliance with the Clean Water Act. The estimated cost of reaching this goal is more than $26 billion. Secretary Espy put that issue in front of the American public.
Another of the Secretary's accomplishments is his reorganization of USDA. How does that affect the area I represent? The Under Secretary for Small Community and Rural Development has been replaced by the Under Secretary for Rural Economic and Community Development (RECD). Both the Farmers Home Administration and the Rural Development Administration will be phased out, as will the Rural Electrification Administration and the Federal Crop Insurance Corporation. In the rural development mission area within USDA, three new agencies will be created. The first is the Rural Utilities Service (RUS), which will combine the telephone loans and electric grants and loans with the water and waste disposal programs from the Rural Development Administration. The Rural Businesses and Cooperative Development Service (RBCDS) will include RDA's business and industrial development loan programs as well as the rural development loan program from REA and Cooperative Services Agency from RDA. The Rural Housing and Community Development Service (RHCDS) will include the rural housing programs of the Farmers Home Administration and the community facilities program of RDA.

The farm programs in the Federal Crop Insurance Corporation will go with the Farm Services Agency, along with Farmers Home's farm programs, where they will be merged with the Agricultural Stabilization and Conservation Service and will be a part of the mission area of the Under Secretary for Farm and Agriculture Services.

In the rural development mission area, we will further unify and streamline rural development services through combined field services at the field level. RUS, RHCDS, and RBCDS will be administered in the field by the State Rural Economic and Community Development State Director, formerly known as the Farmers Home Administration State Director.

We also intend to enhance the effectiveness of this delivery system by taking several major steps. First, we will restructure our field delivery systems at the community level by closing some of the smaller offices. Second, we are giving more authority to our field offices to reduce the delays our borrowers experience in waiting for Washington to approve loans. Third, we are going to place more emphasis on broad-based community outreach to rural communities to help them build and carry out effective community action plans and create partnerships with organizations that can help them succeed. When we have completed this reorganization, the RECD agencies will constitute a powerful force on behalf of rural America, and we believe they will help position rural communities for vital, new roles in the next century.

In the current legislative climate it is doubtful that many new legislative proposals bearing on rural development will be offered in the next Congress. However, because of new legislation already passed, and because of the Department's reorganization, the Administration will have its hands full with administrative actions we can and will take to enhance the performance of our rural development programs.
One area in which we will be taking action derives from the Community Development Finance Act, which authorized a little more than $220 million for microenterprise loans for business development. We also received an increase in funding in the three main program areas of the Rural Development Administration. We had a major increase in our community facilities program. Funding of our community facilities loan program has gone up from $100 million to more than $300 million. Loans are made for hospitals, nursing homes, day care centers, and other public buildings and infrastructure.

In the business and industry area, we now have a half billion dollars in loan guarantees; this doubles the level in 1994. In our Intermediary Relending Program we have $88 million to make one percent loans of up to $4 million to community based organizations or units of local government to establish revolving loan funds for small business development.

Then, finally, in the water and waste area we have $996 million in loan funds and $500 million in grant funds, a major increase, so it is clear that this Administration is very serious about trying to revitalize rural America.

We have already started several initiatives in USDA, particularly within the Rural Economic and Community Development mission area, to address issues that can be handled administratively. First of all, we are going to target our resources to areas of great poverty, areas undergoing major change, and areas hit by major disasters. Second, we are going to focus more closely on customer service. Third, we are going to carry out an ambitious reorganization of our field offices. Fourth, we are going to reorient our entire mission area to the job of providing more than program dollars to deserving projects; we are going to conduct community outreach to assist communities to be successful in addressing their problems.

We also want to move ourselves from being lenders of last resort to investors of first opportunities, meaning that we want to make investments in building strong rural communities, and not merely fund those communities that cannot get assistance elsewhere. We want to move from being bankers to helping communities improve their development processes and to serving as community advocates. Field employees will be known as Community Development Specialists. This is more than just a name change or moving boxes on organization charts. It means creating new incentives for more proactive service to rural communities and providing the skills and supporting materials needed to get the job done.

We are going to build capacity to support our field operations and we are going to be aggressive in using telecommunications to extend our outreach to more communities than we can reach personally. We have just launched a rural development Gopher on the Internet system. This will allow rural communities to access information about our programs, as well as the resources of other agencies. We intend to supplement this service with successful examples of rural community development projects that can provide both ideas and inspiration to rural communi-
ties. It was one of my goals when I took office to make it possible for communities and citizens to have access to our information and applications via the computer so people would not have to go into our offices if they had a modem and access to a computer network. And they should be able to use that same network to find out what other resources exist at the Federal level that may help them in whatever area they need help. I think we are making excellent progress toward developing that capability. We will be developing networks to provide telecommunications support to the EZ/EC, AmeriCorps, and our 1890s Universities Initiative through which we are working with several 1890s universities to do more outreach in communities that have been traditionally left out.

We are continuing to support the National Rural Development Partnership and the State Development Councils. One especially good point of this effort is the initiative to remove impediments in service delivery. We are also streamlining our regulations, and the environmental review process. That process is tough and tends to bog down applications and slow the whole funding process. USDA has more stringent environmental regulations than even EPA does. We are going to propose that if a state accepts an environmental report, we will accept it as well.

We still intend to seek congressional action in several areas. For one example, we are seeking authority to broaden the range of industries and service areas in which we can provide assistance in starting rural cooperatives. Presently, we are limited to working in agricultural cooperatives, thereby failing to reach many important areas of rural development. We will present legislation to lower the interest rate for people who are trying to access water systems. I am an advocate for water development in rural communities. It is not enough to have a billion dollars in loan funds if rural people cannot afford to borrow the money. To my mind, it is better to lower the interest rate; we were able to lower it from 5 percent to 4 percent last year. It would be even better to lower it to 3 percent, because it is better to get even some of the money back as opposed to making grants.

Taken altogether, these objectives I have outlined make up a very big job and I will tell you frankly that we cannot do it alone. We are counting on citizens everywhere for guidance, for partnership support, and for commitment to making these initiatives succeed. We live in troubled times, and citizens who see something that is wrong have a responsibility to let those who are in a leadership position know. We all have a responsibility to act to make our communities better places in which to live. In this great nation, we have unlimited opportunity to do that.
THE 1995 FARM BILL -- SOME IMPENDING ISSUES

Abner W. Womack
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The current farm program is delicately balanced around a set of interlinked objectives. These include adequate income for crop and livestock producers, adequate food supplies at reasonable prices, maintaining a viable export market, maintaining adequate stocks in the event of short crops, protecting the input industry, encouraging conservation and environmentally sound practices, and the economic enhancement of rural areas. All of this is to be achieved at the least cost to the government.

Traditionally, meeting these objectives required Commodity Credit Corporation (CCC) outlays of around $10 to $14 billion per year. Managing this type of program at a significantly lower cost would not achieve all of the above objectives. Budget pressures are beginning to unravel the management options. Several red flags are beginning to show up.

FAPRI analysis suggests that additional budget cuts in the $5 billion range would signal the end of traditional farm programs. Incentives for remaining in farm programs would be extremely weak and government stock activity for food security would cease. These risks, and their implications, are tough questions to be dealt with during the 1995 farm bill debate.

Several options intended to circumvent these anticipated problems are already on the drawing board. Among the leading ones are:

- Staying the course and attempting to stop the slide in government support.
- Green farm programs that provide incentives for conservation and environmental objectives.
- Revenue Assurance Program -- a decoupling strategy that basically guarantees a minimum income support. The program is primarily government supported, but allows complete flexibility in producer production decisions.
- Revenue Insurance Program -- also a decoupling option that relies heavily on an insurance program as the primary vehicle for minimum income protection. This program also provides producer flexibility in planting decisions.

Has the time really come to consider the abandonment of the current farm programs? One axiom comes to mind. It is that farm programs generally follow the path of evaluation, not necessarily resolution. If it applies, patching up the current farm program becomes a prime contender. The current program is regarded favorably by both the crop and livestock sectors. Why? From the crop producer standpoint,
returns per acre for program participants are at or near record levels. The reason lies in low set-aside requirements. In the 1994/95 crop year all major feed grains, wheat, and rice were planted in a tight stock environment, with zero set-asides. It may seem contradictory that major cuts were made in farm supports but program participants had near record returns. A major factor is the 36 million acres in the Conservation Reserve Program, which has contributed to the higher returns.

Looking ahead, we see future returns in the crop sector as depending heavily on what happens to the CRP. Even slight definitional changes for extending contracts on qualifying land could result in significant shifts from current regional patterns. Regional issues will certainly receive a great deal of attention.

A factor bearing on extension of the CRP is the acreage-to-be-idled and stocks situation. It opens up questions as to the adequacy of buffer stocks, and food security. Recent runs by FAPRI suggest that full extension of CRP might tighten the supply situation to the point that a major drought would be damaging to the livestock industry, would raise food prices, and would weaken our trade position in world markets. All of this is simply to point out that more attention must be given this time around to the acreage that can be held uncropped in the CRP program while still insuring food and feed price stability. Lest we forget, remember the price freezes of the 1970s.

Livestock producers have also fared reasonably well. Lower loan rates for feed grains and, to date, adequate supplies of them have resulted in a fairly complementary feed-livestock situation. In fact, since the enactment of the 1985 farm bill feed grain and protein meal prices have been low enough to be a stimulant to the livestock sector.

Can a 1990-model farm program survive in the present budget environment? The key to an answer is the level of additional cuts. If in 1995 those are in the $2 billion range, set-aside levels are likely to be low, helping to cushion those cuts. Returns to participating crop farmers might still be acceptable. So it is likely that something close to the current program would be the outcome. But our analysis suggests that any further cuts would pull payments down to the point that by 1998-99 a farmer could gain little from program participation.

Unraveling of the kind of voluntary program that has been in place for some time would put the farm program on a direct collision course with the environmental and conservation thrust. Conservation compliance, for example, would vanish as program participation fell.

It is unfortunately characteristic of farm program design that it tends to perpetuate a current situation and, hence, lag structural changes. Staying close to 1990 design in a 1995 law in the face of reduced funding could lead to our discovering, by 1998-99, that the program no longer works.

In such a scenario, we can visualize a revision of the farm program at the end of the 1990s. Such a midcourse revision is not without precedent.
If the 1990 program is to be reenacted in 1995 on terms that will keep it functioning, budget cutting will have to be stopped. If that is not done, some other program design will have to be turned to. In such a case, revenue insurance as a decoupling mechanism stands as good a chance as any. But revenue insurance alone will not balance the books on all expectations we associate with farm programs and our goals for the environment and for rural communities. The policy making machinery will likely be newly cranked up, to address those and other goals such as with food reserves, stocks to serve as buffers in the event of unfair practices in international trade, and so on. Programs to meet those objectives also cost money.

So the debate may well be led by budgeting. If budget cutting continues, the current program will finally be dismantled. Alternate programs, however, may prove not to cost much less.

We may be near the bottom of the barrel as far as farm program costs are concerned. We may push the budget theme too far, finding that some critical issues are simply too important to be left out. We would then have to reconsider our course in farm policy-making and law-drafting. It is possible to visualize several false starts and subsequent reconsiderations before the sun goes down on the writing of a 1995 farm bill.

ALTERNATIVE POLICY AGENDAS - I

Tim Price
Indiana Farm Bureau

Let us begin with the reality of what technology has done in U.S. agriculture. A vast acreage of cropland has been saved by advances in technology, and we are going to continue to produce more on the same amount of land, with less environmental impact. Adoption of science and technology by farmers has to be key to the agricultural industry's future, regardless of the farm program. It's our starting point.

As Abner Womack told us, the 1990 farm bill contains in its pre-amble the objectives of ample food, adequate farm income, competitiveness in the market, and reduced environmental degradation -- all to be accomplished with fewer government dollars.

Looking at a new farm bill, we begin with budget outlays. Of appropriations for agriculture, half used to be direct benefits; that part is now one-third. The third that went into non-agricultural services is now two-thirds. It's important to take note of this 10-year trend as the next farm bill is addressed. The only substantive, continued increase in the USDA budget the last 10 years has been in food and nutrition services, which are now two-thirds of the total.

In the last five fiscal years, a combination of lower target prices, frozen yields, flex acres, and assessments has resulted in a large reduction in farm program spending. Without those changes,
benefits going to farmers would now be about a third higher than the amount currently being paid out. During those years we had a reduction of about 10 percent in farm income.

We have approved NAFTA and will likely approve GATT and I’m all for it, but let’s admit realistically that they are not a panacea. The playing field will still not be level but it will be better than before.

I don’t believe it is realistic to expect farm programs to level the playing field. We will need NAFTA, GATT, and a farm bill; and we will move toward a more nearly level playing field than we had before.

It’s worth noting that many countries transfer to agricultural programs, in per capita terms, four to five times as much public funds as we do in the United States. Here and elsewhere, agriculture and food programs are subsidized substantially, and although we will likely ease our rate of doing so, we should be cautious and not disarm every program we have in our country when the rest of the world, GATT or no GATT, will continue to spend a lot of public money for food and agriculture.

Next, two other points. When the criteria for farm program benefits are changed, the regional distribution of those benefits shifts. Also realigned are the purposes those benefit dollars serve. For example, targeting of Conservation Reserve Program dollars would put a lot of them in regions, such as the Southeast, that have not been big recipients of commodity program dollars. That is to say, any replacement of those dollars with Green Payments would shift the distribution of program money away from the central regions that have previously received much of it. In the process, the purposes served by program dollars would shift from those now benefiting from payments received, to those where new payments would go.

The last point I want to make is that we will go into debates about a new farm program with a recognition of the successes we have made with conservation, with a respect and preference for the voluntary principle, and with a starting-point inventory of the various programs that are in the current farm law. A lot of what is there, including flexibility, can be a base for a new law. With regard to soil protection, conservation compliance is contributing to that but credit should be given to the even greater achievement in terms of amount of topsoil saved via farmers’ own conserving practices.

I can’t predict how the new Congress will proceed regarding farm legislation -- the likely committee structure and such. But the first relevant vote will be on GATT. Approval of GATT requires a 60-vote approval because it involves a budget waiver. The outcome of that vote will give us the first indication about prospects for various programs including a baseline for CRP. If we don’t get GATT approval this year, I think we will lose internationally and I think we will lose in terms of the next farm program.
ALTERNATIVE POLICY AGENDAS - II

Thomas Hebert
Deputy Under Secretary for Natural Resources & Environment
U.S. Department of Agriculture

What I will talk about could be called technological determinism or institutional determinism. It is said often that politics is the art of what is possible. But what determines what is possible? When we think in terms of conservation policy, it is helpful to think in terms of what can be done before predicting what will be done.

First, a little political history of where I think conservation policy stands today. The sea change in that policy came with the Food Security Act of 1985. A rare confluence of circumstances led to enacting that law. One consequence was to make the Soil Conservation Service as well as the Agricultural Stabilization and Conservation Service (old names) and other agencies much more prominent in the conservation policy of our country. It made soil conservationists and environmentalists aware that they had a more powerful role to play in agricultural policy. The 1990 farm law essentially continued the terms of the 1985 programs, except that the Wetlands Reserve Program was added.

The expectation has been that the 1995 farm bill will move farther on environmental objectives, perhaps encompassing various clean water issues. It has always been a question as to how many of those objectives will be realized, and it is a sharper question now by virtue of the outcome of the November elections.

In my observation, an opinion widely held is that water quality is the principal issue agriculture needs to address. This has several aspects; one, for example, is nutrient and animal waste problems associated with livestock agriculture. It seems to me that from a political perspective and from a budgetary one too it will be difficult to address water quality issues unless substantial institutional changes are made in USDA programs and in our relations with state and local conservation and resource agencies. Let me explain my reasoning. With regard to water quality, it is hard, in Washington, to define the problems in a way that makes sense at the state and local level. A stumbling block is the non-point source problem. It is hard to identify the source of pollution as it relates to a given water body or groundwater body. Congress is reluctant to grant lots of dollars to deal with a problem that we have trouble defining.

We also have a real problem with accountability. The taxpayer has a right to know what will be achieved from a given expenditure. Some valid programs do not lend themselves well to a graphic portrayal of what they accomplish.

"Who will do it?" is a question. What agency or agencies can best be out there working with farmers and ranchers, to design systems, to help deal with water quality problems? The SCS (now Natural Resources Conservation Service) as a technical assistance agency is under stress
as new obligations have been placed on it. Extension also has technical assistance specialists but not nearly enough to meet the educational needs. The point I am leading to is that the responsibilities placed on us in recent years and likely to continue or expand in the future call for devising an appropriate system, an institutional and programmatic delivery system. We need to be able to say that if funds are provided, we can guarantee that real problems will be addressed, leading to real solutions that matter.

I sense a need to strengthen the ability of the central offices of conservation agencies to work with their counterparts at the state and local level in defining the priority problems in each area, whether they be livestock waste, sedimentation, or any of several others.

We are making progress in this direction but it would be appropriate to revitalize and reaffirm such an approach in the 1995 farm bill.

Accountability extends to the state and local agencies, for the simple reason that Congress will want to know, specifically, what is being achieved with the moneys it has appropriated.

A part of this scenario is a requirement for up-front strategic planning.

Another key issue is this: how do we bring together the complete mix of skills needed to make the entire operation work? The SCS has a long history of providing technical assistance. I see the agency as providing leadership in the future to bring together the skilled persons at state and local level -- the agronomists, the nutrient specialists, the pesticide specialists, and others. All will work with the landowner to design a site-specific set of water quality and best management practices that make sense. All this represents a change in outlook for the SCS; it will be less a provider of services than before, and more of an implementer.

To return to the question of what, in politics, is possible, when it comes to water quality provisions in a 1995 farm bill we still face considerable challenges as to program design and especially delivery. The issues are invariably partly technological and partly matters of institutional composition.
First, let me tell you what’s happening in my agency, the new Farm Service Agency of USDA. Our agenda is packed. We’re dealing with major trade policy issues this year -- implementation of the new North American Free Trade Agreement and congressional review of the Uruguay Round GATT agreement, along with ongoing trade talks with other countries.

Right now, here at home we’re providing assistance for 1994-crop disasters while we implement a major, comprehensive reform of federal crop insurance for 1995 crops.

We’re moving ahead to restructure and streamline the USDA in the most complete reorganization in the Department’s long history -- and the most sweeping reinvention initiative of this Administration.

At the same time, we’re preparing in earnest for the 1995 farm bill debate -- a debate that will set the framework for agricultural policy and programs into the next century.

I begin with the farm bill process from the Administration’s perspective. At USDA, we see the new farm bill as giving us the opportunity, in cooperation with the agricultural community, to craft more flexible, less complex farm programs.

Throughout our work, including discussions we have held at the White House with other Cabinet agencies, such as the Office of Management and Budget and the Council of Economic Advisers, our guiding objectives for domestic programs have been increased flexibility and simplicity.

We are operating on the principle that we must enhance farm income and conservation benefits through programs that are easier to understand and easier to use. In short, through programs that are more farmer-friendly.

Our future programs must be less administratively burdensome and more consistent. They must allow producers to respond to market opportunities. And they must allow producers to adopt profitable and environmentally-friendly production practices, such as increased crop rotations and other sound conservation measures.

Simplifying Current Programs

Simplifying current program procedures is also a goal of USDA. We have found that the complexity of current statutes and regulations is the major farmer dissatisfaction with commodity programs. The thrust thus far centers on easing the paperwork burden for producers, and on delegating increased decision-making authority to local committees.
It's a common-sense approach to improving our service and making it easier to participate in our programs.

In line with the steps already being taken we are recommending that future farm programs center on several basic points:

- Providing greater flexibility through combined acreage bases, as one approach, and reducing the need for farmers to plant specific crops to remain eligible for program benefits.

- Integrating environmental considerations in price and income support programs -- programs such as conservation compliance, the Integrated Farm Management Program Option and others -- in ways that minimize burdens on producers.

- Building on agriculture's conservation performance by enabling producers to adopt more soil and water conserving production practices.

- Improving our outreach and technical assistance to producers -- especially to smaller and disadvantaged farmers.

- Formulating a stocks and reserves policy that reflects the need to maintain an adequate supply and mix of commodities for domestic and international programs, including humanitarian relief.

- Putting our constituents first by simplifying and streamlining our service delivery.

Foreign Trade Issues

More than ever before, the next farm bill will be written in a world of expanding and freer trade -- a world with more open markets and fewer barriers that inhibit trade for efficient producers of quality products.

We've put a high priority on trade expansion and market growth because these are vital ways to increase farm income and revitalize many of our rural communities with new economic activity and jobs. Export growth is essential to agriculture’s future strength and economic vitality.

The outlook now is for significant growth in exports over the next several years. We see expanding foreign demand for U.S. meats, fruits, vegetables, and other high-value consumer foods. Consumer foods, which make up the fastest growing segment of our total farm exports, should post another record next year.

If the GATT agreement is approved, the new trade rules could increase U.S. farm exports by as much as $8.7 billion -- and net farm income by as much as $2.5 billion a year -- over the next decade. The future for the agricultural economy lies in the marketplace, here and globally. The GATT agreement represents a big step toward this Administration's vision of a new order for world trade -- a trading
environment where markets, not governments, determine the production and marketing decisions of farmers.

A Broad-Based Debate

The new farm bill holds many opportunities for agriculture, but we will find, I believe, that it will be drafted after much broad-based debate. Other groups with different interests than production agriculture will bring their views to the table -- and their voices are getting stronger.

In part, this prospect reflects the evolution of farm bills over past decades. They've grown from dealing mainly with farm price and income support programs to covering a range of issues from conservation to rural development to research to food safety.

It also reflects some basic demographics -- and the makeup of the Congress. Our people are becoming more urban and suburban -- and so are their elected representatives.

Of the 435 congressional districts in the nation, only 50 generate 10 percent or more of their income from farming. Farmers and ranchers are minorities even in rural America. That fact is reflected in our own USDA budget, where more than 60 percent of our outlays are devoted to food, nutrition, and consumer services.

This has great significance for the 1995 farm bill. New members are less aware of the contributions of farm programs, and more inclined to change. They will be pressed by nonfarm issues and will study farm programs with a critical eye -- especially when their constituents see little direct benefit from these programs, and reducing the deficit is a top priority.

If we are to make our maximum contribution to the farm bill debate, we need to convince the new Congress that our agricultural programs are vital -- and that the farm bill is important legislation, not just to production agriculture, but to all of our citizens.

I believe that we in agriculture have to do a better job of explaining the benefits and costs of farm programs. Farm programs have added an important measure of stability to commodity production and markets which has benefitted producers and consumers. And we believe that the stabilizing influence is still important -- producers and consumers need the safety net these programs provide to protect us from poor weather, volatile prices -- or from poor policies in other countries.

But while farm program spending may be a drop in the federal bucket, it is nonetheless reality that with a limited budget for all domestic programs, competition for available funds will be intense. Budget support for agriculture has declined in recent years, as we all know. Our challenge is to show the public and nonfarm legislators that the farm bill, and its programs, are relevant to their daily lives.
Forging New Alliances

Agriculture will need to forge new alliances and alignments in the new Congress and carry the message that a strong farm and rural economy is not only our interest -- it is the national interest.

The broad-based debate we must prepare for is certain to include a prominent environmental discussion. Despite solid gains in erosion control, water quality, and conservation and wildlife protection, production agriculture continues to raise environmental concerns, and we will have to address them.

In agriculture, we support environmental responsibility. Farmers are using conservation tillage and other soil and water saving measures on over one-third of our cropland. They are using less fertilizer and pesticides and more integrated pest management practices. The Conservation Reserve Program has reduced soil erosion by 700 million tons per year, or 22 percent, nationwide.

Production agriculture and its allies must meet many challenges next year if farmers are to achieve their objectives in the new farm bill. And I'll tell you right now that agriculture is going to have a hard time meeting these challenges if it is itself divided. The many interests involved in agriculture must make a concerted effort to look beyond sector differences in setting priorities for the future and forging common ground.

ALTERNATIVE POLICY AGENDAS - IV

John Schaffer
Farmer, LaGrange, Missouri

What do farmers in general want to see in a farm program, and what is their political agenda? I am fairly certain that there are three basic things that farmers are looking for from a farm program, and from Congress. I and other farmers are looking, number one, for income protection. As number two, we would like a playing field that is as nearly level as possible. Number three is that we would like as close to full production as is reasonable. I will touch briefly on each of these.

Income protection is the most important of the three, from the farmer's standpoint. I include under that heading whatever serves for risk reduction. A friend from Shelby county says that in north Missouri any day in July or August is only a week away from a drought. So provisions relating to disaster protection, and to crop insurance, are pretty important to us. We need that kind of protection. When I started farming in the late 1960s, cash capital was not a real big thing. I checked my books recently and found that it takes 20 times as much working capital now as it did in 1968 for me to operate. Any farm bill that does not have a strong element of income protection does not offer much to farmers. That protection has been chipped away at, and
if it gets chipped much more, programs will get to the point that they are not attractive; and then the other positive features of programs also will be lost.

There are a couple of aspects to a level playing field. One is equal access to markets. We would like to have the opportunity to access the markets of this country, and Mexico, and around the world. I think that we are pretty competitive and if you give us a chance we can compete in about any of those markets. Most farmers realize that this is an imperfect world and we can't get the Japanese to do away with all their protectionism. But we can work toward that goal, and we have been doing that. I think one of our main agenda items should be to get GATT passed and go on from there.

Looking at a level playing field a little differently, we talk about clean water and non-point-source pollution. I think it is in farmers', and agriculture's, best interest to promote best management practices regarding use of chemicals and to prevent soil erosion. In Missouri I am proud that we have a program with the soils and parks tax, and that we support a strong conservation effort. Our erosion numbers have dropped dramatically. We have a way to go but we have done pretty well.

I worry, though, that we will restrict the use of some of the chemicals and chemical fertilizers that we rely on. I don't think doing so would lower my income. I think that use of fertilizers and pesticides does more to reduce the price of food than it does to increase my competitiveness or my profit. I use the best practices available because otherwise I would not have much income. What concerns me is that we might outlaw some of those chemicals, such as the herbicides we use on soybeans, and then buy the soybeans from a country such as Brazil or Argentina where their use is still permitted. I don't want to buy products from a country that still uses products that are banned here.

My third item is full production, or "full" to the extent that is possible. In Missouri, of the land put into the Conservation Reserve Program (CRP) 75 to 80 percent is class 2 or 3. That is fairly productive soil, and it can be managed for control of erosion. I would prefer to see that land go back into production. A few years ago, when we were the only player in town, and we cut production, we got increased prices. Today, when we reduce production someone else picks up the slack and we hand over the market.

Putting CRP land back into production would also be better for rural communities. Farmers would buy inputs there, the grain dealers would handle more grain, the wet corn millers in Keokuk would have more corn to process, and more soybean meal would be available for export. I feel that it is short-sighted to cut production unilaterally. In the long run we'd be better off with close to full production.
THE 1995 FARM BILL: WHAT'S AT STAKE FOR CONSUMERS?

Mark S. Epstein
Executive Director, Public Voice for Food
and Health Policy, Washington, D.C.

Let me take a minute to explain who we are at Public Voice. We are the only public interest group that covers a wide spectrum of food system issues -- not just nutrition and food safety, but access, affordability, and environmental issues as well.

In recent years, Public Voice has been the leading consumer voice in farm bill debates. In 1985, we produced important studies linking commodity group PAC contributions to congressional votes boosting dairy and sugar prices. In 1990, we became key advocates for organic food production, pesticide use restrictions, and sustainable agriculture.

As the 1995 farm bill looms, we all realize that the days are long gone of the iron triangle of the Agriculture Department, the commodity organizations, and agriculture-state legislators as dictating farm policy. So are the days when farm bills were the breeding grounds only for farm policy. With expansion into conservation, sustainable agriculture, water quality, organic certification, food safety, and hunger reducing programs, what once was only a farm bill has become a key instrument of food and environmental policy.

So today, as we look into our cloudy, post-election crystal ball, one thing is clear. It's not whether there will be a consumer agenda for the 1995 farm bill. It's what that agenda will look like and how much of it will be passed.

Consumers have a tremendous stake in the farm bill. What we want is simple: widespread access to an affordable and safe food supply. Our friends in the farm community sometimes scoff at this statement, repeating the litany that Americans have access to the best and most abundant food supply in the world. We have no quarrel with that. But that doesn't mean the system is perfect. Let me mention three problem areas.

First is price supports. Depending on whose studies one reads, they cost consumers two billion to four billion dollars a year in higher food prices. Higher prices hit low-income consumers hardest, since they spend a larger percentage of their income on food. At the same time, these increases reduce the purchasing power of food stamps and WIC coupons.

Still, the trade-off might be worth it if price supports were accomplishing some greater goal -- shoring up family farmers, for example. But despite the huge flow of cash, the exodus of family farmers from agriculture continues. Increasingly, price supports flow where they are least needed; that is, to giant agribusinesses that dominate today's farm landscape more and more.

Take the dairy program. On the one hand, it's not effective in protecting family farms from extinction. At the same time, it deprives
consumers of the fruits of modern technology. To keep prices high, the government hordes the equivalent of a billion pounds of milk.

This is triple trouble for consumers. It means less food at higher prices for tens of millions of low-income Americans. It means less purchasing power for the food stamp and WIC programs. And maybe worst of all, it means the inevitable dumping of high-fat dairy products into the school meals program.

Meanwhile, the SunBelt mega-dairies grow, feeding on the benefits of the federal programs while their smaller brethren in the Midwest and Northeast wither. At last count, the largest dairy farms, representing 14 percent of all dairy farms, produced half the nation’s milk -- and most of those were outside the traditional milk-producing states.

A second problem area is agrichemicals. They continue to threaten our food and water supply. Since the early 1980s, pesticide use has gone up 10 percent. The "green" 1990 farm bill turned brown almost before the ink was dry. Its sustainable agriculture and water quality incentive programs weren’t given enough money to make a difference.

To this day, neither USDA nor the Environmental Protection Agency has a coordinated effort for promoting sustainable agriculture. USDA hasn’t set any goals for pesticide use reduction that would signal a real federal commitment.

Income support programs actually discourage crop rotations that could reduce pesticide use. Likewise, price supports do nothing to encourage safe manure handling or safe drinking water. Dairy farmers benefit even if they contaminate drinking water in Wisconsin or pollute the Chesapeake. The sugar program’s incentives to increase production help to pollute the Florida Everglades.

A third problem area is access. Yes, we do have the most abundant food supply in the world. But attach an asterisk if you live in the inner city. A dearth of supermarkets in urban areas forces low-income consumers to pay higher prices for a less nutritious selection at Mom-and-Pop groceries. Our figures show that low-income families lose as much as a billion dollars a year in reduced purchasing power of food stamps alone.

Here are some of the solutions Public Voice will be suggesting:

- A gradual phase down in dairy price supports, with the remaining benefits targeted to smaller, full-time dairies.

- Transforming much of the $8 billion going for income supports annually into "Green Payments" promoting reduced reliance on agrichemicals and other environmental benefits.

- Redirecting funds to programs that reduce pesticide use and encourage sustainable agriculture.

- Removing obstacles to crop rotations that help break pest cycles without resorting to pesticides.
• Establishing ambitious, measurable chemical use reduction goals.

• Creating incentives for supermarkets to return to the inner city and for a network of urban green farmers’ markets.

An ambitious agenda? Certainly. But in our favor is the fact that, traditionally, consumer and environmental issues have not been partisan issues. They are people issues. Our message of reforming the commodity programs is attractive to a wide range of legislators in today’s political climate. When we describe change in the commodity programs as eliminating wasteful spending, our story will resonate both with the public and on Capitol Hill. Meanwhile, GATT, inflation, and budget problems will put pressure on any costly government effort.

Let me say a word more about family farms. Family farmers have been in the forefront of the sustainable agriculture movement. They are excellent stewards of the land. That’s why Public Voice is an active participant in the National Sustainable Agriculture Campaign for 1995. We see plenty of value in bolstering the family farm. And we expect to work with farmers in pursuit of our 1995 goals.

Of course, much depends on how the Clinton Administration reacts to the election. I view the election returns not as a lurch to the right, but as an expression of voter frustration and disaffection. Americans are tired of a government that doesn’t work. Price supports are examples of how it’s not working. So is paying farmers not to rotate crops. Both policies go against our free-market instincts.

Debate will rage for months, but this remains clear: the public said in no uncertain terms that it wants change. Consumers today are more active and informed than ever before. And we feel we are not getting a fair shake from government or in the marketplace. We want improvements that will make food safer without raising its price. And we are mindful of environmental concerns. A survey Public Voice commissioned last year showed unequivocally that Americans want the federal government to promote less pesticide use on farms. In my experience, by the way, good environmental policy almost always makes good economic policy.

How will it all shake out? An African proverb is that "no one knows the story of tomorrow’s dawn." Dean Acheson added: "The best thing about the future is that it only comes one day at a time."

Consumers have a huge stake in the 1995 farm bill. And with consumers’ interest as our sign-post, those of us at Public Voice will be stepping into this most uncertain of futures one day at a time until the farm bill reaches the President’s desk. By early next year we hope at least to have a road map and a route of travel. We look forward to a challenging journey.
WHAT COMES AFTER CONSERVATION COMPLIANCE AND CONSERVATION RESERVE?

Hank Graddy, Midwest Regional Vice President, Sierra Club, Versailles, Kentucky

First, a personal note. I am an environmentalist. Why? Because I grew up on the farm my great, great grandfather acquired. When a person lives on one place and does not intend to leave it, he learns one of the first rules of sustainability: don't foul your own nest.

Today my mother, brother, and sister farm. I am an attorney and my law office is eight miles from their farms. My practice emphasizes zoning litigation; I try to protect the agricultural land in Woodford county for farmers. As a result of my efforts and that of many other persons, Woodford county now has a 30 acre minimum lot size in its Agricultural Zone. I have successfully defended two lawsuits that challenged this minimum.

In other words, I have spent most of my life trying to save our family farms and trying to secure a fair income for the farmers in my family. The irony is that I seem to be more committed to keeping farmers in America than many farmers are. I am amazed that professional leaders seem to celebrate elimination of farmers. No other business I can think of wants to celebrate the loss of members.

Next I turn to a news headline that is seen fairly often. It is, "Environmentalist, Farm Bureau spar over 1995 farm bill." Does that sparring explain why I am here? I hope not. So long as the relationship between farmers and environmentalists is an adversary relationship, farmers, environmentalists and the land all lose. The adversary relationship may succeed in delivering cheap food but there are a lot of casualties. Farmers will be among the casualties. If we can stop sparring and work together, the 1995 farm bill may help farmers build a sustainable agriculture economy that benefits qualified land stewards and the public.

Commodity Program Reform

Currently, in my judgment commodity programs based on production, or non-production, of program crops distort farming practices away from husbandry. The cost is considerable -- $46 million a day on subsidies, according to one news report.

The future of the program as we know it is grim because budget realities, trade requirements under GATT and NAFTA, and the personality of Republican House leaders are negative. Moreover, citizens are not persuaded of the public benefit of the current program. It is likely that either the program will be eliminated or it will evolve into a Green Payment or stewardship-based farm program.

That could be a win-win strategy, returning a public benefit and creating an alliance between the environmental community and the agricultural community. It could take one or more forms such as (1) whole
farm resource planning; (2) water quality incentive program; (3) CRP for forests and habitat; and (4) floodplain management.

We have already opened the door to such a course. The 1985 farm law features sodbuster, swampbuster, CRP, and conservation compliance. The 1990 law added WQIP, integrated farm management program, and other options. These latter programs are only just beginning and in some cases have lacked USDA support or have missed their target.

The Green Payment program allows us to put aside the so-called "takeings" debate and develop a program that will provide responsible farmers with some income security in return for delivering the public benefit of maintaining a land and water resource.

Dr. Robert Young of Missouri's FAPRI, in talking to the Kentucky Farm Bureau, noted that if the link between production agriculture and income support for farmers is cut, we had better figure out what public benefit would be derived, to justify any continued payments. Let me make a suggestion. Reduce the 3-year average cost of commodity programs ($8.2 billion) by half and allocate the $4.1 billion saved to green payments or stewardship payments to program farmers. These program payments could include the following:

1. When a farmer completes a whole farm management plan including a conservation element, a nutrient element, a water quality element, an integrated pest management element, and a public benefit element, he qualifies for a direct payment. Perhaps $2.1 billion would go to 800,000 farms.

2. The remaining $2 billion could be available for increased ACP monies or additional funding for wetlands reserve or targeted Conservation Reserve programs.

3. The existing CRP could be modified to provide a graduated allocation. Those farmers who wish to keep the reserve option of converting their fescue back into pasture when the need arose would have their rental payments reduced from, say, $50 per acre to $30 per acre. On the other hand, those farmers who wish to remove their highly erodible CRP land from cropland by planting trees and perhaps adding a wildlife or habitat feature would get an enhanced CRP payment of $60 or $70 per acre.

4. In addition to green payments based on a whole farm management plan plus supplements to the CRP, in states establishing a qualified purchase of agricultural conservation easements farmers who qualify would be eligible to sell their development rights or scenic easement to a qualified nonprofit recipient or the government. They would receive green payments from the $4 billion created above.

Polluted Runoff/Nonpoint Source Pollution

The Environmental Protection Agency alleges that agriculture is responsible for half the nation's surface water problems. I am skepti-
cal. Maybe one pound of silt loam is regarded as the equivalent of one pound of salt in water. But we must recognize pervasive problems.

We need a pollution-runoff program to identify and classify watersheds according to the severity of the polluted runoff and to set time tables and water quality goals -- to require all landowners in an impacted watershed to participate, for reasons of equity.

We would need to provide significant cost-share dollars to farmers to implement best management practices, and require states to meet certain specific time tables.

Pesticide use reform is an explosive issue. We need pesticide use reduction legislation. Also a full funding of the sustainable agriculture research and education program.

The Conservation Reserve Program has reduced erosion but at a high cost. It would be better to focus on environmentally sensitive lands and to expand the wetland reserve program -- preferably long term. Would a Wetlands Reserve Program unlock the current gridlock? An Environmental Easement Program also is a possibility.

A Suggested Strategy Relative to a Clean Water Act

I now outline a strategy based on my belief that as a nation we are better off if the farm bill is moved ahead of the Clean Water Act. Why do I say that? I believe that the way to address water quality problems, any existing chemical problems, the land use benefit problems, the soil maintenance and quality problems -- the way to do so is within the context of the farm bill. Addressing them within the farm bill amounts to addressing them in ways that are less threatening to agriculture -- in a manner in which agriculture feels it is a participant. Moreover, administration can be put in the hands of a federal agency in which agriculture has some confidence. In this respect I take a position different from that of my fellow environmentalists. But, and it's a large but, I also believe the Clean Water Act should address the matters of nonpoint pollution, the matters of chemical use and abuse, the matters of sediment control. The idea I have in mind is that by participating in farm programs farmers would thereby meet the several environmental requirements -- they would not be separately subject to administration of the Clean Water Act. But farmers not in programs would of course be subject to the latter authority.

One consequence of such an approach would be to increase participation in farm programs.

Environmentalists and farm organizations have in common an uncertainty as to what is in prospect in the new Republican Congress. Many of us in the environmental community want to make overtures to the new Congress, hoping to sustain some of the momentum now underway. We believe the farm bill provides a means to build on achievements to date. I believe further that it is in the mutual interest of the farm and environmental communities to address their common problems. Forums such as this one can help.
I find myself in the same position as several other speakers at this seminar, especially those from Washington. I am so dazed by the vast changes set in motion by the November 8 election that I am unable to articulate clearly what lies ahead for farm bill politics. Although many wild cards are to be played, I will offer three observations.

First, the fight for sustainability initiatives within the Agriculture Committees of Congress will go from an uphill battle to a sheer cliff rock climb. Part of this prospect stems from the empowerment of congressional opponents to sustainability initiatives. But I also think that there will be less emphasis on the "extras" in the farm bill, as energy and resources are refocused on commodity programs.

Second, agricultural politics will become more partisan. For the most part, previous alliances have developed more along regional than party lines. Usually, few votes have come down to Democrats versus Republicans. In fact, Chairman Leahy's and Senator Lugar's staffs have worked closely together. However, this may change now.

Finally, new blood is needed, whether it be Democrats or Republicans. Farm bill politics are too insular. It's time to blow the thing wide open. Potentially, the farm bill affects 70 percent of the land mass in this country. Yet traditional agricultural interests do not come close to representing 70 percent of the population. Folks other than farmers and traditional agribusiness interests need to be seated around the table drafting our country's agricultural policies. Now more than ever, the aggies need to team up with environmentalists and consumer leaders to develop a sustainable farm bill that will win broad support.

The Unfinished Agenda

The title of my talk says it all -- the agenda is certainly unfinished, let alone approved or implemented. For example, at this seminar a question came up about the problems associated with no-till. No one could answer it, as we simply have not solved the unfortunate soil erosion-herbicide trade-off that farmers face. To achieve sustainability, we need to begin tackling such problems immediately.

The good news is that there is growing consensus about the need for a sustainability agenda. It is no longer necessary to defend the basic notion of sustainability. Rather, most of the arguments are around the margins -- about appropriate responses. The consensus is especially clear in the field. I rarely have difficulty in coming to terms with a farmer about what constitutes a problem and what constitutes a reasonable solution. Rather, my difficulties surround some of the agribusiness lobbyists inside the Beltway who envision billable hours in fighting the old fights rather than addressing the imperatives their clients face in the field.
Green Support Programs. One of the responses worthy of consideration is Green Support Programs (GSPs). I mention this briefly. Tim Price introduced the topic, exploring how GSPs may lead to a shift in the regional program payments. The Wallace Institute will soon release a report which supports the notion of GSPs without advocating any one particular approach. We hope this report will enrich and stimulate debate. My own perspective is that "total flex," as sometimes suggested, is insufficient to achieve sustainability and that GSPs should be central to the conservation title.

I now focus on 12 science and education initiatives needed to further the cause of agricultural sustainability. My farm bill "wish list" is organized under five important reform themes.

Theme 1: Accountability

Research Purposes and Guidelines. This year the federal government will spend $1.8 billion on agricultural research and education. Few persons question the importance of this investment. However, this money has been dispersed with almost no strings attached. It is time to hold the research establishment accountable -- to ensure that public monies buy public goods.

In the 1990 farm bill debate, Senators Daschle and Leahy, arguing that the research system was adrift with no guiding goals or purposes, won a specification of some purposes such as helping small family farms and protecting the environment. However, further refinements are needed. Hence, we suggest that the purposes section of the 1990 farm bill be amended to (1) further delineate research purposes; (2) require measurement of social and environmental impacts; and (3) establish new procedures for technology assessment. Further, strict statutory deadlines and harsh report language should be adopted to ensure implementation of the 1990 provisions under this section as well as under the competitive grants program provision directing the Department to emphasize sustainable agriculture.

Conflict of Interest. Countless examples can be found where university scientists and Extension agents receive side payments from industry for "research." Unfortunately, this so-called research sometimes borders on, or is in fact, promotion of specific products. Clearly, unrestricted consulting arrangements can undermine the credibility of the public research system. The press has focused on this issue in several states. It is reasonable to expect that all federal employees and grant recipients adhere to conflict of interest guidelines, which should be standardized nationwide.

It is also time to require the research system to disclose the nature of its relationship with industry. Information on contractual arrangements between industry and public universities, Extension, and federal laboratories should not be secret, but be made public. Public disclosure can be designed so that it provides information to watchdog groups without jeopardizing proprietary information.

We therefore suggest that all recipients of federal science and education funding be required to (1) develop and adhere to specified
conflict of interest guidelines; and (2) disclose their relationships with industry.

Public Participation in Grant Review. Public participation in research decisionmaking is all too limited. For the most part, it consists of advisory committee membership that carries no real power. A second review by a committee of scientists and the public would aid in selecting the research proposals that are scientifically meritorious and best meet national research goals and priorities.

Our proposal is that competitive grants undergo a two-tiered review process in order to access societal merit and provide an opportunity for public participation.

Theme 2: Elevating Farmers to Full Partnership

FARMNET. The farmer has been displaced as the primary customer of research. Commodity groups, agrichemical companies, and the biotechnology industry dominate federal laboratory and land grant university research priorities. Farmers also represent an untapped resource for the research establishment. It is time to make the farmer a full partner in the research system.

In this regard our suggestion is to reinvent the Extension Service by turning the lions' share into a national network of research demonstration farms. Extension should refocus its efforts on its original mission -- information extension to the farmer. The federal contribution to Extension should be reallocated to form FARMNET (Farmers' Agroecology Research Methods Network), a national network of research demonstration farms designed to serve as "real-life" laboratories where university scientists and students, Extension personnel, and farmers work together to co-produce and disseminate new knowledge on farming techniques.

Redesigning Farm Equipment. Among equipment problems, much machinery is too large for small family farm use, and often ill-designed for sustainable agriculture practices including the reduction of weed growth without destroying soil fertility.

Hence, require USDA to develop an appropriate farm equipment research and extension project.

Theme 3: Protecting the Environment

SARE Reauthorization. The Sustainable Research and Extension program (SARE) is the shining example of how research and Extension can be done -- it is bottom-up with low overhead, has public input, and addresses environmental and social concerns. More than anything else in the research title, this program should be reauthorized and expanded. Among other things, chapter 3 of this program -- an Extension Service agent retraining provision -- should receive increased attention.

Resistance to Bt (bucillus thuringiensis). For decades, various kinds of Bt have been used by organic and conventional growers alike as
a way to control pests naturally. Unfortunately, reports of serious insect resistance to Bt are emerging. No one has systematically analyzed the degree to which Bt resistance has occurred or to what extent the newer, "potent" version of the substance contributes to resistance problems. It may be that EPA will need to regulate Bt content in order to safeguard against total loss of this technology. However, before EPA can act, a joint USDA-EPA study of Bt resistance is needed to move us beyond anecdotal evidence and lay bare the facts.

Non-chemical Weed Control. Weed scientists are told by deans to fend for themselves when it comes to budget dollars. Why? Because agrichemical companies provide significant dollars for herbicide research. This is a problem because industry dollars skew university research agendas such that only a handful of scientists across the country have found the time and resources to explore non-chemical methods of weed control. In fact, weed science departments are derisively called herbicide science departments.

One potential source of funding would be to redirect federal dollars spent on herbicide resistant plant (HRP) research to non-chemical weed control research. This would be desirable.

Rotational Grazing. In several small studies rotational grazing has shown great promise to increase milk production and reduce the need for pesticides and antibiotics. Additional research in this area would greatly assist producers.

Theme 4: Training the Next Generation of Scientists

Stewardship Fellows. Few graduate students receive multi-disciplinary training, engage in on-farm research, or pursue sustainable agriculture inquiries that are so critical to our future well-being. By amending the USDA fellowship program to provide 30 stewardship fellowships, students would have an avenue to advance knowledge in this field.

Assist Tribal Colleges. The 1890 historically black land grant colleges and the tribally controlled community colleges are in the forefront of training minority agricultural leaders. During the past several years, the federal government has increased funding to the 1890s. It is time to undertake a similar effort on behalf of the 30 tribally-controlled community colleges.

Theme 5: Measuring Success

Traditional agricultural indicators measure yield, production, number of people fed, farm income, and the like. Recently, it has been recognized that these indicators fail to reflect progress in improving sustainability in agriculture, including economic, environmental, and social consequences of various actions. Advances made have largely gone unmeasured and unreported. This shortcoming should be corrected.
My feeling is very strong that we have to balance conservation and environmental demands in agriculture with the management of our land and our crops, within the context of our private property rights and our free enterprise system. At the same time we have to provide food for not only our country but a big chunk of the rest of the world. The situation is difficult to deal with. Resolving it does not come easy.

I will just pose a few questions. As we see a dwindling participation in federal farm programs, that is, as program dollars become fewer, what incentives will farmers have to do what the environmental community, and perhaps the public too, wants them to do with their land? Few farmers will find a $2,500 payment, as has been suggested, sufficient incentive for them to follow an approved conservation plan.

A second question relates to the level of the Conservation Reserve Program (CRP). If there is a program after 1995, which land and contracts should we keep? It's easy to say we should keep the environmentally sensitive land but according to the rules all land in the CRP must be highly erodible in order to qualify. Some very productive land is highly erodible. We have much of that kind in northwest Missouri and a little in the Bootheel. To say we will put the productive land back in production and just go after the environmentally sensitive land oversimplifies the situation.

Getting across the public benefit of environmentally-oriented programs will be difficult. Farmers who are sensitive to their independence will be reluctant, irrespective of financial attraction, to turn over data on well water, for example -- to make it public information. I sense sensitivity also to issues of Best Management Practices (BMPs) and non-point pollution. I think BMPs are the way to go. It is difficult to measure what is in water as it runs off a piece of ground but if we ask a farmer to follow BMPs and he does so, we can say, "You are in compliance," and the situation is easier to handle. This is more feasible, I believe, than monitoring the runoff on every farm.

The Corps of Engineers says that anything that affects the waters of the United States falls within its jurisdiction, so I suspect that water issues in the 1995 farm bill or clean water legislation will nudge the Soil Conservation Service to use a broad definition of water on farmland. But in my experience the Corps of Engineers believes that any water running off farmland, and eventually getting into a river, is a matter of its concern. I sense a problem that will have to be addressed and it will reach well beyond agriculture.

Regarding alternative or sustainable agriculture, I am always puzzled by definition. How is such an agriculture defined? If in fact it involves reduced inputs and lower yields, how can we continue to feed an expanding population? I want to defend research now being done
at agricultural experiment stations and elsewhere. A lot of it is applicable to sustainable agriculture.

As one comment on the biological approach to dealing with pesticide problems, I look on it as a good approach, but the Lord and Nature seem to be inventive and as one technique proves effective a mutant or something else comes along to frustrate it.

I want to acknowledge that some instances can be found of farming operations that are going on without the use of herbicides. Carroll Montgomery in my area produces corn, soybeans, and grain sorghums and is getting, via his methods, effective weed control without herbicides while maintaining yields.

This leads to my bottom line. We work together only with some difficulty -- we know it's hard to get farm groups to work together in Washington -- but nothing is impossible. My concern is that we do not violate some of our fundamental freedoms as we work to combine sound environmental practices with good farming practices in a viable agriculture.

THE CONSERVATION AND ENVIRONMENTAL AGENDA - II

Diedre Hirner
Executive Director
Conservation Federation of Missouri

I offer my comments from the point of view of the citizen. The Conservation Federation is the largest citizen organization in Missouri interested in conservation. In listening to presentations at this seminar I have tried to find some common themes. One theme seems to be clearly predominant. It is that environmental and resource concerns definitely have a place in the 1995 farm bill. Another that appears often is the change in political party leadership in Washington as an outcome of the November 8 election. I am not going to assume that all the new leadership is anti-environmental. I have to assume that there are ways we can work with the new Congress.

We in conservation activities often find ourselves addressing issues about private property rights and government "takings." We do recognize these issues but we also refer back to the 100-plus years of history in our country where we have had certain regulatory rules about land use, including planning and zoning, all of which limit what we can do with our land for the public good. We also point out to groups that see no merit in commodity payments and income maintenance in our farm programs that those payments are a public good. They serve to keep food prices low so that low income families can have adequate food.

Keeping food prices at an affordable level is a public good just as is protecting the quality of water, and protecting wetlands, and protecting endangered species.
Two resources that are dear to the hearts of conservationists but often maligned by agricultural groups are wetlands and endangered species. Wetlands have value. More than 90 percent of the original wetlands in the United States are now gone. We in the conservation community don’t want to bring former ones back but we urge taking care of those we have left. Why are wetlands valuable? From the sportsmen's standpoint the answer is easy: they want them for ducks! And duck hunting is an enterprise of substantial value. But I remind that wetlands are a land form. Much of their appeal is the incredible diversity of wildlife found in them. Wetlands can make ground water cleaner, and hold flood waters back.

Endangered species too have value, because of their habitat. They too are a resource. And endangered species become endangered because of the harm we do the resources in which they can survive. We pollute rivers to the point that fish cannot survive, or if they survive they cannot be eaten safely. Endangered species are a resource that we conservationists believe should be protected even as the land resource is protected.

Unfortunately, endangered species rules often are blamed for what is done, usually regarding land, for other reasons. Endangered species issues often are used as a divisive tool -- divisive between landowners and environmentalists. Divisions do exist but they often are blown out of proportion. From the national perspective, of all the federal actions that go on, fewer than one percent have been stopped because of an endangered species problem.

The last subject I touch on is an alleged rural-urban split. Blame is shifted back and forth between rural areas and urban areas. Rural people often complain about how city people invade rural areas. They often associate environmentalists with city people. More than half our population lives in cities, and 70 percent of city people consider themselves to be environmentalists. Whether we think in terms of life styles and city residents' unfamiliarity with farmers and their problems, or the political statistics, there is reason for coalitions. A city-rural coalition may be necessary to get a farm bill passed, on terms that we all can live with. My organization tries to involve both city and rural people in conservation issues, and there have been successes such as a conservation sales tax. My final sobering thought is that in today's demographics, a city-rural meeting of minds is a political necessity.
It has been said several times at this seminar that no one can know, as of the dates of the seminar, what will be in the new farm bill. Also said correctly is that if we are to work out acceptable agreements with those who are not in agriculture, if we are going to make allowances, if we are to get anything acceptable, we will have to be skilled in the art of compromise. And the political fact is that among Missouri Congressmen William Clay will have as much to do with the next farm bill as will Pat Danner or Bill Emerson.

In my remarks here I draw on a conference I attended recently. One conclusion I came to is that food safety is going to be one of the hot buttons politically. Another theme is that a new farm bill will be less complicated than recent ones, with less red tape. "Everything is on the table," we were told. I believe that, and am not disturbed by it.

I am a consumer and a farmer, and the rivalry between consumers and farmers, although natural, is damaging. Some competition between the two serves a purpose but I think we have had an undue confronta­tion. I don’t know whether to expect improvement but I hope for it.

We will hear a lot about gridlock. Three of the new leaders in Congress, Mr. Gingrich, Mr. Armey, and Senator Gramm, are former college professors, and as an old hand let me make clear that college professors are masters of gridlock. So I can’t guess what lies ahead.

Food safety will be a big issue. Of that I am fairly certain. We will continue a number of conservation programs. With regard to the Conservation Reserve Program, its future is subject to a thousand rumors. Most of them are groundless. Even so, I think one point merits emphasis. It is that the CRP contract is a legally binding lease. Many farmers do not appreciate that the rights of CRP land have been leased. A farmer wants to put in a pond? He’d better check it out!

It’s possible that a future CRP will not be so big in the Great Plains, where wind erosion is endemic.

Cattlemen are concerned that too much CRP land will go into grazing. My back-of-the envelope estimate is that maybe cow numbers could be increased by three million -- at the most. In Missouri the average CRP rental is of 70 acres. That acreage of grass will not support many cattle. Much of the land is held by older people, often absentee. Most land has neither water nor fences. And a cow herd requires management. It’s easy to overstate what will happen when land comes out of the CRP, particularly with regard to cattle production.

Another focus of a new farm bill will be the development of markets, especially with the Asian Rim countries. We have been engaged
in developing trade with the Far East since the days of Marco Polo. How much pay-off has there been? Well, some. We'll keep trying.

Finally, I want to say that we are going to have to look into the infrastructure of the rural community. One hundred of Missouri's 114 counties have fewer than 50,000 people, and in the majority of them the infrastructure is deteriorating. I refer to schools, churches, medical care facilities. Thirty-four percent of Missourians live in the 100 counties. To put it differently, we in Missouri have not recognized adequately the social cost of space. Telecommunications and telemedicine may offer promise.

And a word about the family farm. Does its potential loss give cause for concern? I answer in the same way I have answered questions about whether strip mining is of concern. I can't specify or quantify, but losing the family farm is wrong.

THE CONSERVATION AND ENVIRONMENTAL AGENDA - IV

Don Cox
Farmer, Braymer, Missouri

As the political process of writing a 1995 farm bill gets underway, we as producers will have to work with each other and with environmental groups. When I listened to Hank Graddy I reflected that producers can find common ground with him. Just on the basis of economics, we cannot put the environmental agenda on the backs of the farmers. It is necessary to provide incentives if farmers are to do what is asked of them. In today's global economy, the U.S. farmer already is subject to more regulations than are farmers in other parts of the world.

The price support program has been successful in keeping farmers involved in conservation compliance. Many farmers would not be following compliance practices if they were not in that program. Farmers are independent people, as indeed are all of us. They will cooperate, but they do not want to be mandated.

Property rights, mentioned several times at this seminar, are one of the most serious problems farmers face today.

Green Payments have come up for discussion. What bothers me is an inequity wherein farmers who have already done a lot of conservation work on their farms would get no payment for that work, but those who have done a lousy job would now get paid for doing what they should have done previously. That is not the way to do things.

With regard to the CRP, my father and I have 350 acres in it. The CRP is a good compromise between farmers' and environmentalists' interests. My father and I were not overpaid. If rates were to be reduced, land would not stay in the program, in my area.
A new farm law should retain the programs that have been working, and I think the CRP is one of them. Maybe the money can be redirected so as to meet the goals of Green Payments. And if we get Green Payments, I hope the money will go to the smaller farms rather than the largest ones. My agenda includes small and middle sized farms because they are the ones that make local communities survive.

I believe that taxpayers, environmentalists, and consumers truly want to favor and retain the farmers who are good stewards of their land, who care about the environment, and who provide abundant food supplies. I want to think we all can work together to get a farm bill that will accomplish the goals that have been set forth at this seminar. I don’t believe farmers and environmentalists are too far apart as we work toward these goals.

SUMMARY AND UNRAISED ISSUES

W. Fred Woods

Extension Service, U.S. Department of Agriculture

My summary begins with a question. Were the major issues covered during the two days of discussion? Generally, yes. Most of the content issues relating to the 1995 farm bill surfaced, from a variety of perspectives. I will comment briefly on several of the issues raised, and then mention another one or two that may affect next year’s legislation.

David Waggoner got us off to a good start with a comprehensive review of farm bill issues. One oversight, though, is his not taking note of the crop insurance reform law, recently enacted, which is an attempt to deal with problems of crop insurance and disaster aid.

After pointing out the budget as a key limiting factor to funding levels, Mr. Waggoner detailed his organization’s plan to rewrite Title 16 -- the Research and Extension Title -- of the farm bill. The described rewrite could be termed the Land-Grant College Relief Act of 1995! Where will the money come from? Actually I, as a long-time Extension worker and a firm believer in the land-grant tradition, would welcome a strong legislative mandate to review our service to agriculture and rural America, together with oversight to see that the renewal takes place.

William Meyers gave us a good assessment of the impact of GATT on U.S. agriculture. Assigning specific values to the aggregate benefits is useful. However, the distributional effects and the (feared) effects on areas other than agriculture (such as textiles) are of concern to some members of Congress and part of the public.

What will be the impact on the 1995 farm bill if GATT is not approved? And if it is approved, what would be the effect on the kinds and levels of agricultural programs we can consider? These questions need to be addressed.
I liked Mary Dunbar's candor. She gave us some good insights on key issues and how they may be dealt with in the new Republican-controlled Congress.

Rural development is a timely policy issue but I doubt that it will be dealt with effectively in the 1995 farm bill because many interest groups support the status quo, and because the major issues in rural America (education, health care, jobs and employment, roads and other infrastructure) are beyond the jurisdiction of the Congressional Agriculture committees.

Before I offer more of my perspective I recognize and express appreciation for the perspective of the Missouri farmers on the program -- Peter Myers, John Schaffer, Don Cox and others. And to Hank Graddy: his was the most "farmer-friendly" environmental presentation I remember hearing.

Three issues came up several items, under the label of "unholy trinity." They are unfunded federal mandates to states, risk assessment, and property rights (the "takings" question). Viewpoints differ. I offer only the judgment that these are reasonable concerns, but it is uncertain how much they will enter into the writing of a 1995 farm bill.

I offer these further personal comments:

1. Government's power to address problems effectively derives from its ability to redistribute resources -- by taxing, spending, regulating, or simply legislating. But for a number of reasons including defense by interest groups favoring the existing distribution, our ability to act has been impaired.

2. The Republican commitment to its Contract with America may affect the 1995 farm bill by diverting attention away from it; by forcing cuts in farm-program spending beyond those now projected; and by virtue of a reduction in the capital gains tax. A capital gains tax would be a two-edged sword, as gains to some farmers would come at the cost of less money to finance farm programs.

3. Senator Lugar and Congressman Roberts, prospective chairmen of the Senate and House Agriculture Committees, have substantially different styles and approaches to legislation. Senator Lugar reportedly wants a fundamental reappraisal of whether commodity programs serve the public interest. Mr. Roberts, on the other hand, takes a more basic approach, preferring to focus on farmer benefits and budget exposure.

4. Too much has been made of Congressman Armey's opposition to commodity programs. On November 15, 1994, Mr. Roberts announced that he had received a pledge from Mr. Armey to avoid public attacks on farm programs when Congress considers the farm bill next year.
5. Too much also is made of the so-called declining political strength of farmers. I have heard this complaint all my life and see no evidence to support it. Because it has certain logical appeal, it is one of those claims used by interest groups to further their own ends. Yet the history of our political process indicates the exact opposite: the fewer the number, the greater the political strength. Milton Friedman has, in fact, postulated this phenomenon as "The Law of the Few."

6. There is much discussion about the need for a coalition between farmers and environmentalists. Environmental and farm groups take turns in declaring how vital is its granting of support (to the other). Let's quit arguing who needs whom most! All of us want and need a sustainable environment. Let us all work together to achieve it.

7. Advocacy, and advocates, trouble me. I recognize the need for collective action on issues that concern people. I believe strongly that we all should be advocates of the democratic process. I don't believe public employees at any level should be advocates of a particular outcome. Kathleen Merrigan said she hasn't had any problems with farmers but has had problems (disagreements) with their representatives. Well, I guess I don't have problems with advocates, but sometimes do with their representatives. When advocacy groups talk about public values and how they represent those values, I get nervous. Public values don't drive public policy; elite values do. But elites try to convince us that their values are shared by the public.

It is the mission of Extension Public Policy Education to make people more knowledgeable and to make them think -- to, in Thomas Jefferson's words, "inform the people's discretion." This sometimes makes people uncomfortable, but that's all right; for education, according to Jim Hildreth, is the movement from cocksure ignorance to thoughtful uncertainty. I believe we all left the seminar with some degree of thoughtful uncertainty.