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NATIONAL POLICY TRENDS: IMPLICATIONS FOR RESOURCE CONSERVATION

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Major shifts in the national political setting occur periodically. Such a shift resulted from the congressional elections of 1994. This shift has put the Republicans in charge, and they are trumpeting a very different message than the Democrats, guided by a very different philosophy about the role of government. Their philosophy is being applied to all legislative proposals. Some proposals, such as items in the Contract with America, are distinct creations by this new majority that would institutionalize their views. But others, such as the 1995 Farm Bill, have the good fortune or misfortune, depending on your view, of requiring congressional attention just after this shift has occurred. As a result, this farm bill debate is very different than its immediate predecessors. And one of the greatest differences is in the ways that environmental issues that affect agriculture are likely to be addressed. Actually, the Republican takeover is at the center of three broad forces that are affecting all issues, from welfare and health care reform to agriculture and the environment. These forces are:

- Republican philosophy about the role of government as expressed through the Contract with America and other initiatives;
- The overriding importance of the budget implications to almost all policy discussions; and
- The changed institutional capability of Congress with so many new members and staff.

The Republican takeover has brought a new philosophy to power about relationships between government and individual rights. In trying to implement these relationships, the Republicans are moving to strengthen the protection of individual rights by weakening mandated social obligations. When this change is applied to agriculture, it means slowing or halting many of agriculture's evolving environmental policy trends initiated during the past decade. These efforts in Washington do not appear to be widely supported by the public, and even farmers, based on recent opinion surveys which continue to show strong support for environmental protection components of agriculture in general, and these policies in particular. As this conference is occurring, there is a tremendous tug-of-war in Congress over how far it can change the current direction that pits the "winners" in the last two farm bills against those who not only did not win, but believe that they were not allowed to participate. Many of these interests believe that the current readjustment effort is only fair and just.

The 10-point Contract with America was the focus of House legislative activity earlier. When asked to predict what would happen to the Contract early in the year, I surmised that probably eight or nine of the 10 contract elements would pass the House, four or five would pass the Senate, and two would be signed into law. That appears to be close to the mark. Operating rules make the Senate a much less impetuous chamber than the House, and it has moved more slowly on the contract items. Also, it has been less inclined to deal with some of those items, either before the rest of the legislative agenda or as distinct legislative items. As many political analysts have said, this process really shows the two chambers working as the founding fathers envisioned. The process for enacting the Contract has now largely run its course, although the philosophy that it embodies is clearly behind many specific proposals that Congress, and especially the House, will continue to consider throughout the 104th Congress.

As this group meets, the budget occupies center stage in Congress. This is the last week of Fiscal Year (FY) 1995, and major debates over appropriations for FY 1996, reconciliation legislation to implement the seven-year budget resolution, and the specter of needing to raise the debt ceiling (which will be reached in another several weeks) absorb Congress. While appropriations is of immediate interest, because of the “train wreck” that would keep many of us out of work next week and temporarily shut down most government functions if a continuing resolution cannot be agreed to, the reconciliation process will have far more profound effects on agricultural policies. (Reconciliation is the process to bring revenue and spending law into conformity with policies set in the budget resolution.) Making the necessary reductions for the next seven years will limit policy options, constrain the policy process, and stimulate more aggressive competition among those who have benefitted from agriculture programs in the past. Also, many of the commodity program decisions will be made in the reconciliation bill rather than in separate farm legislation, thus changing the basic political dynamic of a farm bill debate later this year.

One difficulty that has inhibited moving legislation that would enact portions of the Contract, and other legislation as well, is the congressional change-over, with many new members and even more new staff. These people are newcomers in two ways—many are new to Congress, and those who have been in Congress are new to the majority, with its agenda-controlling power. The plateau at the top of their learning curves remains a long way off for some of these newcomers, although many of them have advanced quickly. But for the most complex legislative vehicles, such as a farm bill or reconciliation, there is still a great deal to learn about process—and that is in addition to the policy complexities. When this lack of knowledge is combined with the high pressure to act rapidly, the results can

be troubling because they disrupt logical approaches in ways that are not always compatible with a sound policy process. This is not meant as a political science discourse, but think about the fundamental question about Congress today—Is the 1994 change-over a new direction or a temporary interruption? How you answer this question will determine your political and policy strategies. Everyone knows it is having a huge impact right now, an impact that has been magnified by the inability of virtually all players in the policy process to anticipate that it was coming.

Even if the Democrats were to recapture both chambers in 1996, making this the shortest possible temporary disruption, it will have a long-term effect, because the Republicans will have initiated many changes that are likely to last, not only in law, but also in the organization and operation of the House. But if the Republicans retain control of both chambers for perhaps a decade, they will gradually ingrain their philosophies into the political setting as they institutionalize and consolidate their 1994 victory. Equally important, remember that, even if they don't retain control in 1996 and beyond, the political world will not suddenly turn back to 1994 and excise the intervening years.

The changes described above have substantial implications for this year's farm bill. Farm policy suggestions that could not pass what one of my colleagues refers to as the "straight face test," have changed a great deal. Ideas that were non-starters during the past decade, have suddenly swapped places with other ideas that were well within the mainstream. This sudden shift has caused substantial frustration for those whose interests had become the central inside players, and probably assumed that they always would be. The context of this year's debate depends not only on the changed political setting; it also includes experiences from implementation of programs enacted in earlier farm bills, development of new information and understanding about agriculture and the environment since the last farm bill, and the process for developing the 1995 Farm Bill. The paper concludes with some observations about possible outcomes in this farm bill debate in the areas of conservation and the environment.

Implementing the 1990 Farm Bill: Status

Implementation of the conservation provisions in the 1990 Farm Bill have been checkered—some programs have been fully implemented, some have been partially implemented, and some are only words in law. This is not surprising, as the conservation title, with its 99 subsections and other conservation provisions scattered throughout other titles, created or amended so many different activities. Amendments to existing programs, especially compliance efforts and the Conservation Reserve Program (CRP), have

generally been implemented. Some of the new programs, such as the Wetlands Reserve Program (WRP), have been implemented, but not at the rate that the law prescribes. Other new programs, such as some of the water quality activities and the Department's Office of Environmental Quality have both been slowly implemented by the Department, and with little pressure from Congress to move ahead. Historically, the biggest public policy hurdle has been getting a proposal idea enacted; now enactment has become just the first of several potential hurdles, as advocates of many environmental ideas that address agricultural issues are finding out.

The Senate Agriculture Committee is addressing the proliferation of programs throughout agriculture in its farm bill effort. It has identified the status of implementation of all programs still on the books, with an eye toward deauthorizing those that have not been funded. This Committee has already used this approach with the research title that it marked up. Research probably has the largest accumulation of programs, but conservation is only a few steps behind. It remains to be seen whether it (or the House Agriculture Committee) will use this approach in developing a conservation title as well.

One of the most visible changes in this debate this year is to focus on adjusting existing programs rather than enacting new ones. The foci of the new majority are a combination of undoing what it views as excessive in past enactments, while avoiding movement into areas that are perceived as inappropriate. This is in marked contrast to amendments in the 1990 Farm Bill that built on compliance, Swampbuster and CRP legislation enacted in 1985. The 1990 amendments to these programs were adjustments that reflected experiences over the preceding five years, combining the strengthening of some provisions with making the programs more flexible. Beyond these amendments, many new initiatives, generally centered on water quality, were enacted as well. Environmental and, to a lesser degree, agricultural interests could claim victories from this process in 1990, but the environmentalists are likely to have little to celebrate at the end of the 1995 process.

Budget concerns have reinforced the pressure to do less, and are likely to be a justification for inaction on many agricultural issues affecting the environment. The incentives to reduce conservation programs in the name of budget savings are far stronger in 1995. These concerns caused Congress to resist increased funding for the CRP since 1992, and substantial new funding for the WRP. The Department of Agriculture's guidance on the 1995 Farm Bill does not suggest that it will try to promote major new expenditures for conservation either, although conservation was one of the largest portions of this department-wide effort. Tinkering around the edges

may be fine, but there is little money and fewer incentives to undertake major new initiatives. New information and new understanding about relationships between agriculture and the environment since 1990 indicates that this should not necessarily be the case.

Developments in Agriculture and the Environment

Since 1990, considerable new information about resource conditions and relationships between agriculture and the environment have been published. The 1992 Natural Resources Inventory (NRI) is a valuable source of data on conditions and trends on private lands. The Office of Technology Assessment (OTA) published a report, *Agriculture, Trade, and Environment*, earlier this year that neatly summarized much of what we know about changing patterns and relations among these topics, and the Economic Research Service published an extensive compilation of relevant information in late 1994 in *Agricultural Resources and Environmental Indicators*. The very detailed National Research Council Report, *Soil and Water Quality: An Agenda for Agriculture*, published in 1993, reviews changing knowledge about soil and water quality problems and solutions, and makes several recommendations about key themes for public policy. The third Resource Conservation Act appraisal, when it becomes available, will provide in-depth assessments of most conservation topics. Others outside of USDA also publish important information that is either more localized or covers limited topics.

The OTA report, as an example, identified conservation program implementation, and technology research and development, as two areas where redirection should be considered because of lack of accomplishment by current efforts. Regarding programs, OTA concluded that existing programs have been inefficiently administered, and have not produced “significant and enduring results.” The report recommends that the more than 40 conservation programs it identified could be simplified into three basic approaches, and that private market approaches could be encouraged. Regarding technology, the report recommends making complementary technologies, to both maintain profit and enhance environmental accomplishments, a centerpiece of federal research and development, and facilitating public/private partnerships to develop these technologies.

New information is providing useful insights. Some of these insights reflect new understanding about aspects of resources, for example, changes in wildlife populations or water quality patterns as a result of the CRP. Others, such as the NRI, update older information, but may also lead to new insights or understanding. For example, earlier this year, as a part of their effort to determine how programs might be more effective, OTA staff conducted a study using experts to identify where the most severe resource

problems in their respective fields of expertise were concentrated. The problems included habitat loss, wetland loss and water quality deterioration, among others. This study maps the country, showing where individual and multiple problems have been identified. The map clearly shows where the potential environmental benefits of concentrating federal resources would be greatest.

Another example where new information has affected debate is information on wetland loss in the 1992 NRI. Wetland loss and protection efforts galvanized attention during the past decade, as the Bush Administration made it a cornerstone of its environmental credits. The Bush policies centered around efforts to attain a no-net-loss condition. The 1992 NRI shows that wetlands losses on private lands have slowed considerably over the past decade, especially on agricultural lands. Others have combined these data with the reported accomplishments of the new protection programs, and concluded that the overall rate of loss is very low. Some are using this information to claim that there may now be a net gain of wetlands on agricultural lands. This new information is affecting the broader wetland protection debate, and may be an important component in arguments to amend Swampbuster. Some of those who object to the conclusions based on the NRI are criticizing this data source as flawed.

A very different source of information is the numerous public opinion and farmer surveys. They show repeatedly that a large majority of Americans want environmental protection and are willing to pay for it, and that the current approaches used in agricultural policy to encourage or support environmental goals are generally acceptable. As NRCS Chief Johnson has said, conservation compliance is a success story from almost all points of view. By contrast, the results of the agriculture wetland protection efforts have been more troubling to the farm community and the public in general. Current wetland protection efforts are viewed by some as exceeding the role that government should perform. These objections seem to refer more to the process of protection than to the fact that they are protected. Many of the changes today's majority in Congress is seeking seem to be at odds with these survey results.

A major adjustment in program delivery was initiated in 1994 with enactment of USDA reorganization legislation. The more visible part of this effort—renaming the agencies—is the least important. Less visible is that several of the smaller cost share programs were moved to NRCS from ASCS (now the Consolidated Farm Services Agency and soon to be the Farm Services Agency). Most importantly, it should streamline and simplify a farmer's interaction with USDA at the local level, while saving federal funds by co-locating facilities. But it has opened some old wounds within

the department—wounds that were the products of many past turf battles between the various combinations of agencies that have conservation responsibilities. A reemergence of these battles could compromise aspects of the conservation effort at a time of declining resources.

The Process for Developing the 1995 Farm Bill

An initial question is whether there will be a 1995 Farm Bill. Commodity policy will be handled through the reconciliation process, and some conservation and other issues may be handled through this process as well. Senator Lugar's proposal for reconciliation, which will be acted on next week, includes a lengthy conservation section. Representative Roberts' Freedom to Farm legislation, the primary commodity program proposal in the House, contains no comparable provisions. If the Lugar provisions survive the reconciliation legislative process, pressure may be reduced to deal with remaining conservation issues not related to the federal budget, such as wetlands and compliance, in a separate farm bill. Generally, the greater the number of pressing issues addressed in reconciliation, the less the pressure to enact separate farm legislation. Also, the reconciliation process is destined to require much of the fall. After completing it, both chambers may have little energy left to address a separate farm bill. Further reducing the impetus to enact a farm bill is that both agriculture committees are already saying that they plan to peel off other titles of the farm bill so they can deal with those topics in separate legislation next year. While all these pressures may combine to delay a farm bill until next year, no one is publicly pushing for this as an outcome yet. Delay may affect what is ultimately enacted, and seems likely to aid environmental and conservation interests.

These interests have controlled the legislative "high ground" for a decade now; that is, law has authorized the programs for which they lobbied. In this farm bill, some agricultural interests are aggressively moving to recapture it by undoing some of the efforts that had been enacted. Their effort does not draw on new information, new analyses or new insights. It is based on philosophical differences over how agricultural interests should address environmental problems. At the heart of this debate is whether the past environmental enactments are a prelude to future ones, or whether agricultural interests will succeed in chipping away at the most onerous of the conservation program provisions. Having the law on your side is always a very powerful position. But many significant changes are now being pursued, and delay may dissipate the energy of the Republican initiatives and also start to play into election politics.

Another reason to think that the farm bill might be delayed occurs when one thinks not of a single farm bill, but of five distinct farm bills. The first two would be the ones passed out of both agriculture committees. Committees are starting, haltingly, to put these together now, and the contents will be based, in part, on what will be put into the reconciliation package. The next two will be the ones passed on the floors of the House and the Senate. If the House allows an open rule to amend the farm bill, there is no forecasting the length of the debate or the number of votes. The final one will be cobbled together by a conference committee, which is likely to consist mostly of members from both agriculture committees.

The complexities of a farm bill have more potential than usual to bog down the legislative process, because there is remarkable little institutional memory in Congress due to the recent turnover, and because there are strong pressures to take action on a large number of proposals before the year is out. The considerable institutional memory available to the minority in both chambers has little value to the new majority. One result is that less of the debate seems to be taking place in the open, which may also lead to confusion.

Complications that take time will be increasingly the enemy as the fall passes. Schedules for major legislation will slip, as they always seem to, and work will pile up. This Congress may try to be family friendly for its members, but if they are serious about doing their work, history is rather consistent in indicating that the remainder of the first session will be compressed and demanding. In this environment, only those things that need to get done will be completed.

Not only is this farm bill process different, it definitely has not been business as usual for the interest groups. Commodity and farm groups switched places with environmental groups; commodity groups are now consulted by key congressional leaders, while environmental groups have little input. Commodity groups have prepared proposals they would like to see enacted for compliance, wetlands, CRP and other conservation topics. Many of these are likely to be incorporated in committee legislation. These proposals would largely amend earlier legislation perceived to be unacceptable to powerful elements of the farm community.

Environmental groups now find little receptivity and interest for their proposals. Even groups who seek action on a single topic, like the wildlife organizations now lobbying to protect wildlife benefits associated with the CRP, are finding progress to be slow and laborious. Perhaps the best the environmental community could hope for is the Lugar-Leahy proposal, S. 854, although many in this community do not see it as "their" bill. So far,

one of the key environmental leaders in the last two farm bills, Ken Cook, has avoided the conservation element of this debate entirely. His absence has left a large hole for the environmental groups. More generally, these groups have exhibited little cohesion.

Have you heard any exciting new ideas that are receiving serious consideration for inclusion in the conservation title this year? New ideas are not attracting congressional interest. The one exception is a new Environmental Quality Incentive Program (EQIP) entitlement, as proposed in S. 854. The department proposed a number of initiatives as concepts to consider for the 1995 Farm Bill. A few of these, like the grazing initiative, appear to be finding a home (in this case at the expense of the termination of the more expensive Great Plains Conservation Program in FY 1996 appropriations), but most others either are not, or in the case of whole farm planning, will likely become a department initiative that Congress may support or hold up through the appropriations process.

The whole farm plan experience is an example of the current process. NRCS has been interested in exploring whole farm planning and has proposed trying it in six pilot project states. NRCS views this approach as a way to simplify and make more consistent conservation planning by combining the dozen or more plans that farmers are required to have into a single document. Participation would be voluntary. The NRCS proposal follows on efforts by prior House Subcommittee Chair Glen English to enact legislation accomplishing this more than two years ago. NRCS initiated this effort anticipating that language in the farm bill building on Representative English's effort would either call for it or allow it as an option. But after the Clinton Administration proposed this concept as a Conservation Farm Option in its guidance for the 1995 Farm Bill, it attracted considerable political opposition in Congress. Some in the new majority are concerned that this approach will provide entry for regulatory agencies onto farms and get them more involved in farm operations through the implementation of these plans. The message from Congress to NRCS seems to be either do not do it, or move very cautiously.

Implications for Agriculture in Environmental Topics

When all this is added together, what are the implications for environmental topics in agricultural policies of the future? The political setting is likely to remain more volatile for a number of years. If the Democrats quickly return to control of either chamber (and remain in control of the White House), one of their first jobs will be to undo much of what the Republicans have put in place. This is the best possible outcome, from the Democrat's viewpoint. Others, which expand the range of time before the

Democrats do return to power, will mean that the philosophy and approaches that the Republicans support will have more time to become ingrained within the national government. With both parties controlled to varying degrees by the more zealous and extreme faithful, the two parties will become more strident and vocal in the battlegrounds in Congress and other places where they meet.

In these strident battles over the appropriate roles and actions for the federal government, good and defensible information is, at the same time, both more necessary and less accepted whenever it does not agree with one's point of view. But at the same time, agriculture, in particular, is becoming increasingly information intense. Much has been written about the growing role of information for management at the farm level, but much less has been said about both needs and effects of ongoing changes at the national policy level. Some elements of the department's information activities, most notably the NRI, have been subject to criticisms. Future efforts will have to meet harder standards, if they are to be credible resources in these debates.

Information seems to have a small role in this farm bill, which will likely center on amending existing conservation programs. The CRP will be extended in either reconciliation or in the farm bill. The two major issues, both unresolved now, will be how much money is made available for this program, and which lands will receive the highest priority to enroll. In wetlands, there are also two core issues: how to tie agricultural wetlands to actions that would amend wetland provisions in the Clean Water Act, and how to further amend agricultural wetland programs. For example, many agricultural interests are pushing to replace permanent easements under the WRP, with easements of perhaps 20 to 30 years. Compliance will be treated like wetlands, with many proposals that would soften the impact of compliance requirements and increase producer flexibility before they fall under the penalties of compliance. Other topics that might be considered include block grants for conservation cost share programs and further reorganization of conservation agencies in USDA.

Many discussions of these policy options revolve around the speed at which agriculture has moved, or has been forced to move, to deal with environmental concerns over the past decade. Agricultural interests, who are pushing for the types of changes that appear to be supported by the Republican majority, would likely say that this backlash is a response to the pace and amount of change during the preceding decade; their proposals would slow the rate of change. A slower pace in their view, and some redirection as well, will be more acceptable to agriculture. An alternative interpretation is that agriculture moved too slowly to address most environ-

mental problems in the preceding decade and a half, between 1970 and 1985. Exceptions to environmental requirements mounted, and by 1985, with soil erosion problems as the catalyst, the reaction set in. Where much of the overall environmental policy making over the past 30 years could be charted as following an upward-sloping trend with intermittent plateaus, agriculture is oscillating far more sharply, with this year's proposals for substantial change in direction, a response to the rapid change of the preceding decade.

The implications for the future are not attractive from the standpoint of institutions and programs, or from the standpoint of policy. Clearly there are strong public preferences for continuing the conservation effort. Challenges to getting conservation policy back on track, and to not overshooting the "trend line" in this reaction, include budget and policy questions. If these changes do overshoot the mark, then another reaction or overreaction is likely in the future. The goal should be to design resource conservation policies that meet the public preferences, and are, at the same time, less intrusive, more flexible and less costly for the public and private participants.

NOTE

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