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ENVIRONMENTAL INTERESTS IN THE 1995 FARM BILL

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The 1985 and 1990 farm bills were touted as environmental farm bills long before their actual provisions were put to paper. As we approach 1995, there is much less posturing about the "greenness" of the upcoming farm bill. There are two main reasons for this less boisterous stance.

First, there is no longer anything new or unique about environmental quality playing a major role in farm legislation. It has become institutionalized. The conservation and environment title is routinely considered one of the big ticket items in the farm bill debate. And the environmental groups who act as proponents for a greener farm bill are part of the farm legislation establishment; they are no longer considered outsiders, even if some of the more traditional agricultural interests continue to see them as interlopers.

Second, the tight budget constraints reviewed by Daft in this proceedings are putting a damper on enthusiasm about the 1995 farm bill's potential for impact on environmental quality. There is widespread recognition that it is highly unlikely new environmental programs under the farm bill will be instituted with new appropriations. Any gains in the environmental inroads made by the farm bill must then come either from improvements in existing programs or from reductions in one program's budget as fuel for a new initiative. The prospect of programmatic tradeoffs is daunting.

Before getting into the particular environmental issues framing the debate on this aspect of the farm bill, I will review some of the factors that, in addition to fiscal austerity, are forming the backdrop for the farm bill's environmental provisions.

Some Features of the Political Backdrop

The Conservation Reserve Program (CRP) will begin expiring in 1996. Under anticipated market conditions, a majority of the 36 million acres now in the reserve is expected to go back into production by the end of the program. The CRP's cost is not factored into long-run, government budget projections. Thus, its expiration means an end to its independent contributions to soil conservation, wildlife habitat, and water quality unless new appropriations are made or

funds for its continuation are transferred from other existing programs.

Farm programs are expected, over time, to offer less incentive for compliance with conservation provisions by farmers. As program budget cuts and a trend toward a more market-oriented sector continue, the payoff for farmers' participation in commodity programs diminishes and, consequently, the effectiveness of associated conservation compliance, sodbuster and swampbuster provisions of existing legislation is reduced.

Environmental concerns are different and broader than those addressed by farm bill programs authorized by earlier legislation. Soil erosion is not now a major concern, except as it relates to water quality. A recent report by the National Research Council refocuses attention to soil quality as the soil-based issue. But topping the list of environmental issues of contemporary concern are surface and ground water quality, wildlife and habitat protection, wetlands protection, and pesticide risks.

The new (and somewhat sudden) predominance of an ecological philosophy of agricultural resource management reflects the multiplication of environmental concerns related to agriculture. Private conservation interests, as well as the Soil Conservation Service, appear to be favoring total farm resource planning and watershed management as mechanisms for simultaneously addressing multiple environmental objectives (e.g., see Bridge). This new philosophy and its complement of techniques pervade much of the program proposing and planning that are preceding the writing of next year's farm bill.

Finally, it appears the Clean Water Act (CWA) will not be reauthorized before the 1995 farm bill takes shape. Because the CWA's reauthorization will focus on nonpoint sources of water pollution (the majority of which are agricultural), many are viewing the farm bill as a bellwether of, or stimulant for, action on CWA reauthorization. This means the range of farm bill environmental stakeholders is somewhat expanded and the ante is upped for some existing stakeholders.

A Spectrum of Environmental Issues and Policy Options

Against this backdrop are a number of specific farm bill environmental issues that appear to be shared by a wide range of involved groups. Here, I briefly review four major sets of issues and highlight the range of perspectives that seem to be developing on each of them.

A first major issue is, not surprisingly, the extension and/or modification of the CRP to preserve the current environmental benefits of land retirement at a substantially reduced cost. There seems to be a

developing consensus on the need for a small and finely-targeted long-term land retirement program. But perspectives differ greatly with regard to the particular environmental goal toward which a reduced CRP should be targeted. Principal candidates for targeting appear to be wetlands protection, water quality improvement and wildlife habitat protection. The greatest investment in this policy option comes from groups whose interests are better met by land retirement than by changes in farm practices. This would include, importantly, those groups concerned with wildlife management and habitat preservation.

Given the evolving environmental foci of efforts to establish a small, ongoing CRP, one might easily anticipate that the Great Plains region will be least likely to retain CRP benefits over the long run. However, in order to design a new program with enhanced probability of political support, the distributional implications of CRP modification are being explored by assessing the degree of overlap between geographic areas in which land retirement meets specific environmental goals and politically powerful areas in which the CRP's discontinuation means a significant loss of government support.

A second set of much discussed environmental policy options falls under the rubric of "green payment programs." Green payment programs are a large class of voluntary programs under which direct farm income support payments would be made in return for actions that protect or enhance environmental quality. The thing that distinguishes this concept from current programs, such as the Water Quality Incentives Program, is that green payments are being discussed as a new, fundamental basis for farm income support. Conceptually, green payments can be coupled with commodity programs to marginally redirect farm income support away from exclusive dependence on commodity supply and price control; they can exist separately from, but along with, commodity programs; or they could replace commodity programs as a basis for farm income support that would, in theory, be both less market distorting and more socially acceptable than current mechanisms. Options that fit into each of these categories are now being developed for possible promotion within the farm bill context.

One particularly complex aspect of designing a green payment program is the determination of the relative weight to be placed on the program's achievement of income support for some specified group of producers, vis-a-vis the weight placed upon resolution or prevention of a specific environmental problem or problems (Lynch and Smith). Because the geographical distribution of environmental problems associated with agriculture does not perfectly match the current distribution of government payments for income support, or any measure of producers' income dependence on the government, no truly multiple-objective green payments program can be ex-

pected to simultaneously retain current income support patterns and address an environmental objective in an optimal manner. The magnitude of the trade-offs among the objectives will be a large factor in determining the eventual political feasibility of green payment program options.

A third set of issues involves pesticide use or risk reduction. While most of what is being done in this area relates to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), or to the Food, Drug and Cosmetics Act, several proposals are being made within the context of the farm bill. One proposal would extend the current requirement that all uses of *restricted-use* pesticides be recorded and reported to cover reporting of *all* pesticides and uses. Another proposal is that a specific goal for pesticide use or pesticide risk reduction be codified for the U.S. Department of Agriculture (USDA) in program authorizing legislation. While some debate continues on what this goal ought to be, and whether it is expressed in terms of reducing use or reducing risk—two very different things—the most common expression of the desired goal is a 50 percent reduction in pesticide use. This goal setting neither suggests nor would require a uniform 50 percent reduction of every material's use over every commodity on which use occurs. In fact, it does not even require that the goal be achieved. The idea is that the USDA would have to systematically organize and direct its research, extension and action program resources toward that goal and report periodically on progress. It is designed as an administrative incentive. The USDA, theoretically in collaboration with the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA), would design the mechanisms for inducing both behavioral and technological change leading to profitable reductions in pesticide use or risk. An August, 1994, agreement between the secretary of agriculture and the EPA administrator to collaborate in this regard takes some of the wind out of this as a farm bill issue, but does not in any way eliminate it.

The final issue I will review concerns the direction of research and extension funds. There is an unprecedented amount of attention being paid by the environmental-conservation-sustainable agriculture communities to the nature of the research agenda-setting processes guiding the allocation of USDA funds to particular topics and research goals. At issue is the extent to which research and extension funds are allocated to efforts that are likely to support environmental enhancement, resource conservation, and sustainable agriculture systems. Policy proposals currently in process mainly address administrative processes by which research and education programs are coordinated, and/or the way topics guiding the distribution of discretionary research funds are selected. There is a growing feeling that research and education policy could partially alleviate long-run conservation budget constraints by directing funds toward the development and transfer of technologies that could prof-

itably replace conservation and environmental protection measures whose adoption by farmers now requires government subsidization.

Conclusion

In conclusion, it is impossible to guess at this point about the degree to which the 1995 farm bill is going to be "greened up." But there is no question that new and innovative approaches to resource conservation and environmental quality in the farm bill context are being discussed. Those that do not make their way into the 1995 farm bill will certainly be revisited before the year 2000.

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