Conservation and Environmental Issues in the Farm Bill

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United States Senate

Thank you Dr. Harl and Dr. Schnittker for organizing this conference called “Fixing the Farm Bill.” We have our work cut out for us and I think you are right to recognize that. First of all, the statement, Fixing the Farm Bill, indicates that we all recognize something needs to be fixed. I was thinking about that driving here from a hearing we had on the Hill, I was thinking that maybe a little bit different viewpoint that I will state here. I was thinking that when you talk about fixing something, you think about maybe fixing the back door or you fix a window—might I suggest that we need a whole house rehab on this farm bill. It can’t be just one little item. Maybe we ought to think about rehabing the whole thing. So I thank you for holding this conference.

It is good to see Bob Berglund here today, former Agriculture Secretary who did such a good job and in fact was the first chairman on the sub-committee I served on when I came to the House of Representatives.

I saw Dr. Harl on Saturday. The Senate Agriculture Committee held hearings in Spencer, Iowa and in Lewis, Iowa. Dr. Harl testified and as always he provided some very insightful and provocative testimony. In fact, I just caught a little bit [of his preceding speech here] and he made some of the same points there. At those hearings there were a lot of ideas about what to do about the problems in agriculture and rural communities. Virtually every witness from all the commodity groups, Iowa Farm Bureau, Iowa Soybean Association, Iowa Farmers Union, Pork Producers, etc., etc.—first made the point that we need a comprehensive farm bill, not just a commodity bill. That point was made time and time again. I think all of them suggested that we need a very strong conservation title, so I will try to keep my remarks along that line.

I said we need a rehab but I am going to try to keep my remarks mostly on conservation because I think that should be the heart of changes to the farm bill. Dr. Kirschenmann from the Leopold Center at Iowa State University just testified before the Agriculture Committee in the Senate today before I came here and he made an interesting statement that both Senator Lugar and I were talking about just a few minutes ago. He said that if all we are trying to do in our farm program is to produce the most commodities at the cheapest possible price, we might as well as forget about it because there is cheaper land and cheaper labor in other parts of the world. So he suggested that there ought to be something besides just that in the farm bill. And I would suggest that the “something other than that” should be conservation. Now again, agriculture has changed since I was a kid but one thing that has not changed is the connection between land and natural resources and farming. If we deplete or destroy the quality of our water supplies, for example, we damage our own health. If we destroy habitat for wildlife support we lose critical elements of the quality of life not to mention the building blocks that sustain our human species. The vast majority of farmers, I submit, are good conservationists and want to do more, want to practice sound conservation, but they recognize that it has to be economically feasible. Most conservation practices do have an economic payoff. Some, like conservation tillage and nutrient
management, have an early payoff. Other practices, especially those that involve construction practices, have a longer payback period. So when farm finances are tight, like they are right now, the economic realities can be pretty stark. If you spend a dollar on conservation now, well maybe that’s the dollar that might make the difference between whether you’re farming next year or not. So conservation is something that can be put off for some other time. But the long-term benefits of investing in conservation provide monumental returns. I am thinking of conservation like medical care, another issue that I have been involved in—preventive health care. If you have a good preventive system in health care, you save money in the long-run and you’re healthier. So I think we need to treat our natural resources just like we do our bodies. If we put the money in now and we look at it as sort of a preventive-like measure, then we won’t have to put in a lot later on when the environment is really sick. Just like we don’t want to put money in later on when we’re really sick. So I think about it in preventive health care terms.

The public also greatly benefits from conservation but we have to also remember that the vast majority of agricultural land is privately held, privately managed. So, therefore, we have to look at how we can promote conservation on privately-held lands. The federal conservation programs are based upon the two points of the reality of farm economics and the public benefit from agricultural conservation. That was the basis of the formation of the Soil Conservation Service in 1935 by Henry A. Wallace. And since that time we have implemented a number of agricultural conservation programs. We have the Conservation Reserve Program, which we put in the 1985 farm bill that has led to a tremendous decrease in soil erosion according to the Conservation Service (by about 40 percent over the period of 1982-1997). Yet, soil erosion is still at a high rate of about 2 billion tons every year. In the Wetlands Reserve Program we have about 900,000 acres that we have protected, but we continue to lose thousands of acres of wetlands every year, so we have to do more there. Again, what is the holdup? Well, it is federal resources and I am concerned that the President’s budget proposal will restrict the resources that we have so that in writing the farm bill, the funding of conservation may be next to impossible. So we are going to have to fix that budget. We need more funding for technical assistance and to support conservation practices. I must point out that, in the last 15 years, the number of NRCS employees has gone from 13,600 to 11,600. So when people ask for technical help, they wait and they wait and they wait and they don’t always get it.

Again, nearly four weeks ago, Senator Lugar and I had hearings on conservation and the one thing that came through crystal clear was that we’re not getting enough money for conservation. Our farmers and ranchers are lining up at the door, which is proof positive that they want to do their part. But they are being turned away. For example, only one in five applicants for EQIP (Environmental Quality Incentives Program) were able to get contracts—one in five! For the Wetlands Reserve Program—five times more acres were offered than they could enroll. Nearly six times as much money was requested under the Farmland Protection Program as was available. Now these are farmers who went in and were turned down. These figures don’t include the number of farmers that said, “Oh the heck with it, I know what it’s like, I know those lines, I’m not going to get anywhere anyway, so I’m not even going to apply.” These figures don’t even show that group, so it has got to be more than just what I mentioned, five and six times.
So, again, we need to reauthorize and expand the programs; the CRP needs to be increased to at least 40 million acres, which was at the authorized level that we put into the 1985 farm bill. In fiscal year 1941, the Federal Government spent more than twice as much on conservation, nearly $6.4 billion in 1999 dollars, as we did last year. In fiscal year 2000, we put out $32 billion in outlays from the CCC—but less than $1.8 billion went for conservation programs—and $1.6 billion of that was to take land out of production. So precious little is being used to help reward farmers who are actually doing good practices. Total spending on conservation, when you include all the technical assistance, emergency funds, watershed programs, RC and D, all of it—is less than $3 billion. So improving both farm income and conservation, have to be at the heart of the next farm bill. I’ve worked over the last couple of years to develop what we now call the Conservation Security Act. It affords a flexible, farmer-friendly approach to conservation that is locally driven. It would establish a conservation security program, a new incentive program that provides compensation to farmers and ranchers who voluntarily carry out conservation practices on their working lands—I emphasize “voluntarily”—if you want to do it fine, if you don’t you don’t have to. As a voluntary program, it is not a set-aside program and it is noticeably different from some of the programs we’ve had in the past.

The Conservation Security Program would reward farmers and ranchers already engaging in good practices. We’ve had cases in the past that if farmers wanted to get funding for waterways, but they already had waterways, they didn’t get it. So then some farmers plowed them out, planted there for two years and then went in to get the money to rebuild the waterways. Well that is just nonsense, so this bill would reward farmers already doing those good practices. Another important difference is that this program that I’m proposing is open to all farmers and ranchers, not just those in traditional row crops. Conservation is needed across America and this proposal would encourage it all over—we would encourage participation by fruits, vegetables, livestock, and other specialty crop producers that are not currently included in our commodity programs. And thus, I think, we’ll get a broader base of support for the entire farm bill, as long as you have this kind of program available to everyone, no matter where they live and no matter what kind of crops they are raising. This program would cover the whole spectrum of practices, pest and manure management; air, soil, and water improvement; wildlife habitat enhancement; rotational grazing; wind breaks; invasive species management, and others. Again, as I said, it would ensure all farmers across America would have the opportunity to participate. Under this program, farmers would pick what level they want to participate. The level of compensation would be greater for higher levels of conservation practices. The more that a farmer does and the greater the environmental benefit, the greater the annual payment. Of course, state and local agencies would play a large role in deciding what are the best practices and what the payment rate should be. For example, to qualify for the first tier of payments, the farmer would choose from a set of basic practices like conservation tillage; pest, soil and nutrient management; energy and water conservation practices; or managed grazing. Then there would be a compensation rate for the practices. It’s not fixed. The maximum Tier I compensation level would be $20,000 a year, under a five-year contract. For the second level, the farmer would take the Tier I practices and add to it at least one priority resource management practice—water, soil or air quality. This could include stream bank conservation; crop rotation; grassland, prairie and wetland restoration; and wildlife habitat improvement. Tier II payments would be capped at $35,000 a year and this would, again, be five to ten-year contracts. To get the highest level of payment the farmer would do Tier I and II and then add a third level that would address all of the resources of the
operation—land, water, wildlife and air and these Tier III payments would be capped at $50,000 a year and these contracts would again last five to ten years at the option of the farmer or rancher, depending upon how long they plan to be in the program. Again, keep in mind that this is not a top down program; it would be designed to fit the individual farming operation.

Thus, back on my point again as to why we need the personnel and the technical help out there to help farmers meet these objectives. We don’t want to have some top-down “you-got-to-do-this” because all these farms are different. If we can get the technical help out there with the state and local agencies, we can make this not one-size-fits-all but make sure every farm can participate. So again, I really think that some of the best ideas we get on conservation come from farmers. A lot of them may have ideas on conservation that may not fit into the general mold that we have had in the past, but that does not mean that they are not worthwhile; they may be very worthwhile. Farmers can help in getting other farmers to adopt practices through demonstration programs which we have also put into the bill.

There is another angle that I want to mention to the Conservation Security Program approach. We need to harmonize our agricultural programs, conservation programs, and trade policy. What I am proposing is fully consistent with the principle of moving away from farm programs that spur surplus production, encouraging production on marginal land and distorting trade. This program would fall squarely within the green box under the Uruguay Round agreement on agriculture. It recognizes the contributions farmers make to society beyond producing food. We compensate them directly for their contribution to conserving our agricultural and natural resources. As my friend, Paul Johnson, said, “We look upon conservation now as a new commodity.” Farmers can get paid for this new commodity called conservation. So in closing I see this Conservation Security Act as part of a comprehensive, long-term agricultural and conservation policy. It complements existing programs but it doesn’t replace them. Further, it does not replace the commodity programs, it supplements them. So again, I want to say that we are still listening—if you look at the bill and any of you have any thoughts or suggestions or ideas, we are always open to those. I make the last point again from where I started. Almost all of the groups and farmers I’ve talked to want a comprehensive farm bill, and this talk about doing a commodity program now and doing the rest later, I don’t believe is going to wash. This bill has to hang together as I’m sure our former Secretary of Agriculture and our Chairman on the House Agriculture Committee can tell you; we’ve got a lot of things in agriculture including nutrition, school lunches, school breakfasts, and feeding programs. We’ve got trade, we’ve got credit, we’ve got conservation, we’ve got research, we’ve got commodities. These issues all have to hang together to make a comprehensive farm bill and that, I believe, is the way both Senator Lugar and I want to go with this.

So those are just my thoughts on fixing the farm bill. A rehab that includes a new kind of conservation program that wouldn’t be a set-aside, wouldn’t be conservation reserve, it would be actually paying farmers for conservation practices on their land and open to all producers. And that is why we are getting support from everyone, including people not involved in agricultural programs before. You can make it a more nationally-based program than what we have had in the past. So with that I thank you for your time and would be glad to take any questions.
Q: I’m sure the audience would appreciate, as would I, a further explanation of how we would reward current practitioners of good stewardship and at the same time lure additional people into the program. It seems these are both laudable goals. The question is how we prevent our farmers from being lured to give up good conservation in order to qualify for money. How can you balance giving people money for something they are already doing and also bring new people into the program? If you give people money for always being good stewards, it seems you are essentially transferring federal money to them for doing nothing additional. Is it more than a disguised income transfer because you will be giving people money for what they are already doing?

A. I’ll be openly honest, is this income support? Of course it is, but we are getting something important for all America—conservation—from it.

Q. There is no additional gain if you reward people for what they are already doing.

A. Well, but some people who may be already doing these practices, under the kind of program we have now, in order to squeeze more production out of marginal lands because the economics of that is that the marginal cost of planting that additional extra acre always approaches zero, as you know. If the commodity prices stay low and farmers are chasing commodity dollars they may say “well the heck with it. I’ve been doing these good practices but I can’t afford to do it any longer. I need that extra buck that I can get out of plowing up.” Therefore, (1) you encourage them to continue the practices, but you reward them for what they are doing and (2) yes, there are farmers—many would qualify for that Tier I, for which this is income support but it is a way of also saying “look, it is income support because you are going to voluntarily choose this program.” If you don’t want to choose the program, you don’t get the money. Now other farmers who may not be doing it will say, “this is an interesting way that I can get income support.” Is it income support? You bet it is, but it is income support in a way that doesn’t produce more commodities, tear up more land; as I said, we are looking at conservation as a commodity now.

Q. Europeans have the largest farm subsidies in the world and in trade negotiations from the U.S. point of view, they tend to respond back to us with the argument about multi-functionality and some of the elements of your legislation would be defined by the Europeans as what they mean by multi-functionality. If your bill were to pass, how do we in international negotiations tell the Europeans that what they are doing is not acceptable and cut back on it because it is trade distorting?

A. My proposal, unlike some of what the EU pulls under multifunctionality, is not trade distorting and does fit within the green box. Payments for conservation practices, whether it is set asides or whether it is for practices are fully consistent with the green box. So from what I’m seeing and been told, we have no problems with this.

Q. I’m not questioning whether it is in the green box, but in practical matters of negotiations with Europeans, whether something is in the box or not, future negotiations may not strictly be relevant. Our argument to them has been that if they are paying farmers for conservation type activities, they should not be doing it because it ultimately causes trade distorting effects
even though it might be technically legal. And I’m just wondering whether the legislation has some other argument that we can make against the Europeans to give them more of an upper hand in negotiations with us on the trade policy?

A. I’m sorry, maybe I’m just not understanding you. I don’t think so, sure I’ve been to a lot of European farms, they do have some conservation practices but let’s face it, what they locked in with the Uruguay round is the high kinds of government support prices to farmers over there. They are there and we’re here. So they are reducing some of those things, just like we are but the gap remains even more in percentage terms than it was in the past. I’m not sure I understand fully your question but, no, I don’t think that is going to give them the upper hand in arguing that we are distorting trade.

Q. Senator Harkin, in Iowa, we know that the FSA and NRCS have some problems answering the requests for technical assistance in terms of capacity problems. I am just wondering, to maybe be a little provocative, we have, for example, within the landgrant universities technical capacity in soil and water conservation. How about putting some fail-safe initiatives in as a component to meet some of those technical capacities?

Something I forgot to mention that Dr. Duffy pointed out on Saturday when we had our hearing, 92 percent of our crop land in Iowa is devoted to crops—corn and soybeans. And we have over 150,000 acres in organics. But it is growing and there is no support to help mixed-market development. As I just said on the Hill, what is the big thing we can do in agriculture? Well, maybe we ought to do a lot of little things that add up to the big thing. To the extent that we can get help for younger farmers that maybe don’t want to farm three or four thousand acres of land but they would like to do something to make a decent living. But there is no way with the capital cost of land today that they can afford to do that. Again, this might help them in a way that they can do conserving practices and get payments to help them maybe do that kind of agriculture.

One other thing that I am thinking about doing in this farm bill is that we have all these check-offs—corn, soybeans, pork, cattle, dairy, etc. Perhaps what we ought to do for all of these check-offs, is every so many years, have them come up for a vote, no referendum, every three, four or five years as to whether to keep it or not.