I am pleased to be asked to suggest what new authorities and additional funding are needed to ensure improved stewardship of agricultural resources. I’d like to approach this topic by discussing two very different roles that stewardship could play in future agricultural policy. Those two roles are:

- Facilitate if not enhance the growth and development of the agricultural enterprise by managing the environmental effects of agricultural production, and
- Basing public support of agriculture on the unique status and responsibility of farmers and ranchers as the caretakers of our land, water, and wildlife.

The authorities and funding we will need depend heavily on which of these roles we choose for stewardship within agricultural policy.

I think it would be useful at the outset to reflect on the historic role natural resource stewardship has played in farm policy and on the role stewardship is playing today before we consider what the future role for stewardship might be.

**Historic Role of Resource Stewardship**

Natural resource stewardship first entered farm policy in the 1930s. At the time, there were crises on the farm and on the land. The role of stewardship then was largely to serve agriculture by developing and managing soil and water resources as a means of enhancing agricultural production and rural development. Conservationists and some policymakers, of course, recognized the larger social benefits of conservation — flood prevention, pollution prevention, and habitat enhancement — at the outset of what became the conservation movement of the 1930s. But those benefits were considered ancillary to enhancing and sustaining agricultural production.

Soil and water conservation proved spectacularly successful in fulfilling its historic role. Consider that in the 1930s two national assessments reported that:

- Soil erosion had permanently destroyed nearly 60 million acres — an area equivalent to 16 percent of current cropland.
- Another 255 million acres — an area equivalent to 68 percent of current cropland — had lost more than 75 percent of its topsoil.

* These remarks are based on a paper prepared earlier this year for the U.S. Department of Agriculture’s Annual Outlook Conference.
• Only 160 million acres – about 42 percent of land we are currently cropping — was considered capable of being safely cropped given conservation and farming know-how of the day.

Yet, in 1997 the National Resources Inventory reported that about 270 million acres — 72 percent of cropland — was being safely cultivated with no harm to productivity. Soil erosion of the magnitude that was causing the severe damage reported in the 1930s was occurring on less than 15 percent of cropland in 1997.

Application of conservation practices thus has close to doubled the area of cropland that can be farmed without damage to its productivity. Natural resource stewardship has contributed in a major way to the development of the highly productive agricultural enterprise we now enjoy. Moreover, conservation has sustained that enterprise without the widespread and persistent wastage and degradation of soil and water resources that were common historically and that now threaten many areas around the world.

I think it is safe to say that we simply could not have achieved the miracles modern agriculture has wrought if conservation had not progressed hand-in-hand with agricultural technology.

That historic agricultural and environmental achievement was accomplished through a unique federal-local initiative that made science-based technical services and financial aid available to producers, communities, and units of government in nearly every county in this country. This victory over widespread waste and degradation of soil and water resources is among the most significant, although now largely overlooked, accomplishments of modern conservation. In the process, we created a scientific and technical services infrastructure for conservation that quite literally is the envy of most nations.

**Advent of Environmentalism**

The environmental movement began in the late 1960s in the U.S., but environmentalism did not really enter farm policy and politics until 1985. The Food Security Act of 1985 contained three major innovations in the relationship between natural resource stewardship and farm policy:

• Conservation Compliance/Sodbuster.
• Swampbuster.
• Conservation Reserve Program.

In the case of Conservation Compliance/Sodbuster and the Conservation Reserve Program (CRP) the enemy was the same — soil erosion and land degradation. The reason to fight the enemy was different, however. In 1985, we worried more about sediment in our streams than about soil productivity. The off-site environmental cost of erosion rather than the on-site damage to agricultural production was our rationale for action.

Swampbuster was the clearest indication of the changing role of natural resource stewardship in farm policy. Farm subsidies were now denied for doing what we had once used conservation programs to encourage. Five years later, in the 1990 farm bill, we would authorize a program to begin restoring wetlands.
Today: Policy Better But The Reach of That Policy Is Limited

Today, we are still working within the basic framework established in the Food Security Act of 1985. Conservation has not experienced the same dramatic policy change experienced in other areas of farm policy. Instead, the evolution of conservation’s role in agricultural policy continued in small but important ways.

The movement away from natural resource development toward environment protection proceeded unchecked — symbolized by the transition from the Agricultural Conservation Program to the Water Quality Incentives Program and, finally, to the Environmental Quality Incentives Program.

The number and complexity of stewardship programs have multiplied. Wetland restoration, water quality, air quality, wildlife habitat, endangered species, and farmland preservation have been added to the conservationist’s traditional concerns about soil and water conservation. The number of conservation programs authorized by Congress has likewise multiplied, along with natural resource and environmental issues. In 1996, seven new conservation programs were authorized at the same time that a concerted effort was made to consolidate four existing programs into the Environmental Quality Incentives Program (EQIP).

Unfortunately, conservation funding has not kept pace with the multiplication of problems or programs. Conservation funding doubled (in constant dollars) after the Food Security Act of 1985, but nearly all of that increase occurred in one program — the CRP. Conservation funding since 1990 has been essentially flat — growing at less than one percent per year — even as the number of new programs multiplied. Financial assistance to help producers manage land producing crops and livestock actually has declined by 38 percent in real terms since 1985. Most troubling is disinvestment in scientific and technical services — the foundation of natural resource stewardship and conservation efforts. Funding has been flat, at best, in real terms, while scientists and technical staff devoted to conservation have declined by 16 percent in the Natural Resource Conservation Service and 6 percent in the Agricultural Research Service.

Conservation policy has improved, but the ability of that policy to reach farmers, ranchers, and our agricultural land has shrunk. Ironically, most of our conservation financial assistance dollars are now spent to stop farming, rather than to facilitate farming in environmentally sound ways. In 1985, this country spent 97 cents of every conservation financial assistance dollar to enhance the management of lands producing crops and livestock. Today, only 15 cents of every conservation financial assistance dollar is spent for that purpose. The remaining 85 percent is spent to take land out of production. We are in danger of confirming what our harshest critics say — the only way to make farming environmentally sound is to stop farming.

**Stewardship to Facilitate and Enhance Agricultural Production**

At a minimum, we need authorities and funding in the next farm bill sufficient to allow conservation to play its traditional role in farm policy — facilitating if not enhancing the growth and development of the agricultural enterprise. But managing agriculture’s environmental
Environmental performance is already a key determinant of commercial viability for key sectors of agriculture. Producers operating animal feeding operations or irrigating cropland or pasture are already facing fundamental questions about the environmental sustainability of their operations. Most producers will face that question in the future — and likely sooner than later considering the following:

- Nearly 112 million acres, 30 percent of the nation’s cropland, is eroding excessively, producing 1.3 billion tons of soil loss per year.
- Agriculture is the leading source of pollution in 840,402 miles of rivers and streams assessed by states and tribes (23 percent of the total 3,662,255 miles in the nation).
- Agriculture is the leading source of pollution in the 17.4 million acres of lakes assessed by states and tribes (42 percent of the total 41.6 million acres in the nation).
- According to USDA estimates, 24 million acres of privately owned rangeland are in poor condition; 19 million acres of range have multiple major resource problems; 80 million acres of range have major erosion problems; and 9 million acres of rangeland have major problems with state-declared noxious weeds due to current grazing practices.
- Agriculture is listed as a contributing factor for about 42 percent of the species listed as threatened and endangered in the contiguous states.
- Nearly 90 percent of all precipitation that falls in the U.S. falls on privately owned agricultural or forestland before it runs into our streams, lakes, or underground water.
- More than 60 percent of agricultural production, by value, is produced in metropolitan counties or counties adjacent to metropolitan counties.

I don’t think agriculture can escape the consequences of its environmental effects any more than agriculture could escape the effects of soil and land degradation in the 1930s. The only question is whether we will organize ourselves to face this modern conservation challenge the same way we faced our historic challenge.

Fortunately, the policy and programs we have in place are largely what we need to enhance the environmental and, therefore, the commercial viability of agriculture. We can meet the challenge, but only if we (1) dramatically expand the reach of our existing conservation programs and policies, (2) ensure commodity and risk management programs do not exacerbate environmental problems, and (3) elevate the importance of conservation and environment in agricultural policy and in the U.S. Department of Agriculture.

The Soil and Water Conservation Society recently held a series of regional workshops at which we asked participants from the agricultural, water resource, and fish and wildlife communities to develop recommendations for reform of USDA conservation policy and programs. Participants recommended expanding the reach of existing USDA conservation programs through a combination of increased funding and programmatic reform, with increased funding being far and away the most important concern. Specifically, our workshop participants recommended:

- Funding conservation technical services and financial assistance programs at about $5 billion annually — about double current spending.
• Enhancing the quality and quantity of technical services available from both public and private sectors.
• Making sure conservation programs work for all producers, in all regions of the country, by eliminating the current bias toward producers of row crops and by providing more flexibility at the state level to tailor programs to state and local needs.
• Striking a better balance between land management and land retirement by increasing technical and financial support for managing lands producing crops and livestock in environmentally sound ways.
• Simplifying the application and conservation planning process for participating in USDA conservation programs.
• Providing regulatory assurance for USDA conservation program participants by unifying planning and technical standards among local, state, and federal agencies; providing one-stop shopping for landowners and land managers; and creating “safe harbor” options for producers.

Participants also wanted to make sure that the structure of farm commodity and risk management programs did not exacerbate conservation and environmental problems by encouraging producers to break out fragile land, keep risky land in production, or intensify production of subsidized crops that are particularly risky for the environment. Participants disagreed about the extent to which commodity and risk management programs currently encourage producers to use and manage land in environmentally risky ways and, therefore, disagreed over the need to reform such programs. There was general agreement, however, that current conservation compliance and swampbuster provisions should be maintained and extended to all farm support programs, including crop insurance. There was also strong support for expanding the soil conservation provisions to all cropland, not just highly erodible cropland.

All of these measures could be taken within the context of existing programs and within the framework of the conservation title of the farm bill. The funding increase recommended is about the same as that experienced following the Food Security Act of 1985. Policy change of this scope, in other words, appears quite doable, but only if conservation and the environment is accorded a much higher priority within farm policy and only if USDA both recognizes and exercises its role as the premier federal agency for the conservation and environmental management of 75 percent of the U.S. landscape.

Conservation at the Center of Farm Policy

Doubling current conservation funding and reforming existing conservation programs should be the minimum we expect from the next farm bill. However, we will miss a major opportunity for agriculture and the public if we limit our vision of conservation to this minimum role. I would argue that moving conservation to the center of agriculture policy has unique advantages for both the public and producers.

Benefits to Taxpayers

Farmers and ranchers control how most of our land is used and managed. They also control who has access to that land. They are, literally, the most important soil, water, fish, wildlife, and
recreational managers in the U.S. That to me is what makes farming and ranching truly unique — and truly deserving of special attention in federal policy. For the public, such a policy change would create the opportunity to go beyond pollution prevention and damage control to widespread enhancement of our environment. Just as the land use and management decisions made by producers can impair the environment, those decisions can create fish and wildlife habitat, produce clean and abundant supplies of water, protect against the risks of climate change, and create recreational opportunities. Conservation at the center of farm policy would take us beyond simply helping (or requiring) farmers and ranchers to prevent environmental damage to rewarding farmers and ranchers for enhancing the environment — for using their labor and capital to provide environmental goods and services.

Working cooperatively with the nation’s farmers and ranchers as partners in environmental enhancement could become the third leg of this nation’s conservation stool. Harnessing the capability of working land to enhance the environment while producing food and fiber could take its place with land acquisition and regulation as a fundamental component of a balanced approach to environmental management. The public and the environment would gain significantly. Regulation generally leads only to achieving minimum standards of environmental protection — standards that are often bid down over time rather than bid up. Conservation on working land provides incentives to go beyond the minimum. In the process, the public gets a better environment instead of settling for keeping things from getting worse. And, finally, conservation on working land can touch millions more acres than can or should be acquired for public purposes. Even relatively small improvements on each of those working acres can add up to major improvements in the quality of our soil, water, air, and habitat.

Benefits to Agriculture

The primary benefit to agriculture of placing conservation at the center of farm policy is that conservation produces such tangible public benefits at a time when the benefits of current and historic approaches to farm policy are seriously questioned.

Ensuring cheap, abundant, and safe supplies of food and fiber has been a major justification for public subsidies for producers of selected major commodities. Today, the productivity of the modern agricultural enterprise is a marvel. In 1999 almost 70 percent of the value of all crops and livestock was produced by 8 percent of producers — about 175,000 farmers — operating 32 percent of farm acres (1999 Agricultural Resources Management Study, USDA-ERS). Even if we look only at sales of crops, we find that 8 percent of farmers account for 68 percent of crop sales from 32 percent of farm acres. Only 16 percent of producers operating 52 percent of acres account for 84 percent of crop sales. If all we want from agriculture in the future is cheap, abundant, and safe supplies of food and fiber, then it appears we can do with fewer producers and fewer acres in production.

New information is also raising questions about the effectiveness of traditional approaches to supply and price control as income support to family farmers. About 47 percent of government payments go to those 8 percent of farmers accounting for 68 percent of crop sales. Ninety-two percent of producers operating 68 percent of farm acres and producing 42 percent of crop sales share the remaining 32 percent of government payments (1999 Agricultural Resources Management Study, USDA-ERS). Only 36 percent of all farms received government payments,
according to the 1997 Census of Agriculture (USDA-ERS Agricultural Outlook, October 2000). The major field crops that receive nearly 100 percent of those government subsidies accounted for only 20 percent of total cash receipts from farming in 2000 (USDA-ERS Agricultural Outlook, October 2000). For those farmers who have become dependent on government subsidies, the income support they receive is very important. But that income support goes to only a small percentage of what most of the public would consider farmers.

A recent ERS study of alternatives to creating a safety net provides a different way to look at the income support performance of current farm policy (A Safety Net for Farm Households, USDA-ERS AER-788, 2000). The ERS analysts looked at four scenarios that would assure farm households a certain level of income or consumption. It’s revealing, I think, to compare the distribution of government payments under current programs to that estimated by ERS under each of their four income support scenarios.

- **Scenario 1:** In a program designed to assure all farm households an income equal to that of the median nonfarm household in the region, the larger farm operations that currently receive about 47 percent of government payments would receive about 2 percent of direct government income support.
- **Scenario 2:** In a program designed to assure all farm households an income equal to 185 percent of the poverty line, the larger farm operations that currently receive about 47 percent of government payments would again receive only about 2 percent of direct government income support.
- **Scenario 3:** In a program designed to assure all farm households an income equal to the average nonfarm household’s annual expenditures, the larger farm operations that currently receive about 47 percent of government payments would receive about 7 percent of direct government income support.
- **Scenario 4:** In a program designed to assure all farm households an income equal to the median hourly earnings of the nonfarm self-employed ($10 per hour), the larger farm operations that currently receive about 47 percent of government payments would receive about 5 percent of direct government income support.

If supporting the household income of farm families is a primary justification for farm policy, then it appears that traditional commodity programs may be inefficient means to deliver that support.

Finally, supporting the price and, therefore, income of farmers has been cited as an important way to support the vitality of rural communities. Yet only 37 percent of farm subsidies payments went to farmers in counties where those payments would be expected to play a significant role in the local economy (USDA-ERS Agricultural Outlook, October 2000).

To me, at least, these figures clearly call into question the purposes, mechanisms, and priorities of farm policy. To add to the turmoil, these questions are being raised even as government subsidies have tripled since 1997, reaching $28 billion last year — meaning farm spending is again competing with other popular objectives for public spending.

It is not surprising, then, that current and historic approaches to farm policy are in question and that farmers, ranchers, and analysts are calling for a fundamental rethinking of farm policy. I
think that conservation and environmental stewardship should be among the most important components of a new farm policy.

For agriculture, such a policy change would create the opportunity to use conservation to help keep people on the land and to escape some of the contradictions created by current farm policy. The land and its management would drive conservation rather than the amount or kind of commodities produced. That means all farmers and ranchers, producing all kinds of commodities, in all regions of the country could participate in environmental enhancement. Conservation could and should reach those 92 percent of farms operating 68 percent of the acres, but producing only 31 percent of the value of food and fiber. Though not big players in the commodity market or in international trade, those producers are, or could be, very big players in the conservation market. Producers in Canada, Mexico, Argentina, Brazil, and France can compete in corn, soybean, wheat, and beef markets; they cannot compete with our farmers in producing clean water or fish and wildlife habitat. The environment is a niche market, but one in which every farmer and rancher has a niche.

Perhaps most importantly, bringing conservation to the center of farm policy would take us a long way toward creating an agricultural policy out of what increasingly appears to be a limited and contradictory farm policy. It would provide more options for policy makers and producers, instead of attempting to fit an increasingly diverse agricultural sector into a one-size-fits-all subsidy program. We could diversify agricultural policy to reflect the needs and unique circumstances of different farming and ranching operations. We could design a policy that works for those handful of producers who dominate commodity markets and trade, and we could design a policy that works for all those other producers in whose hands we entrust the management and care of most of our land, water, and wildlife. We could create an agricultural policy that is truly open to all of agriculture and built on a solid foundation — the unique status and responsibility of farmers and ranchers as the caretakers of our land, water, and wildlife.

To achieve those objectives, we would have to step outside the current framework of conservation and farm policy and create something new. On the conservation side, we would have to create the capacity to deliver technical services and financial aid to producers on a scale not seen in this country since the 1930s. At our workshops, participants wanted to create a broad-based stewardship program that would:

- Reward good actors — producers who have been investing in and implementing conservation systems often without any governmental assistance or financial compensation.
- Provide technical services and financial aid to maintain existing conservation systems and habitat as well as to implement new systems or to restore habitat.
- Scale financial rewards to reflect the level of conservation effort and environmental goods and services produced.
- Make all agricultural land and all agricultural producers eligible.
- Emphasize keeping people on the land by fitting conservation into working farms and ranches rather than by restricting the use of agricultural land.
- Address conservation opportunities comprehensively on farms and ranches.
- Create one-stop-shopping through a single conservation planning process, a single application and administrative process, and regulatory assurance.
Making this vision real will require major investments in our technical services infrastructure — public and private — and creating within farm policy a stewardship program that is funded generously enough to make it accessible to all agricultural producers who want to make conservation and resource stewardship a fundamental part of their operations. It will require moving conservation to the center of farm policy with funding approaching $10 billion annually and attention equivalent to that provided commodity and risk management policy.