

Commodity, Environmental and Regulatory Issues in the Farm Bill Debate

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Thank you very much for the invitation to be here and share with you our views and observations. I will try to do what you asked me to do, talk about commodity, environmental and regulatory issues in the farm bill debate. And I might throw a few other things in...one thing I will not do is talk about how bad it is in agriculture right now because if you don't know that by now, well, there is not any more education that is going to happen.

The full House Agriculture Committee held 10 field hearings last year, 20 witnesses in 10 different states and that's what we heard, how bad it was in agriculture. I wish it weren't that way, but it is. In fact, the only thing that saved us is the benevolence of the United States taxpayers over the last two or three years particularly or we would have had a full-fledged depression in rural America. Instead, we just have a depression. Net farm income—you know the significant thing there—from 1996 it has dropped to \$45.4 billion but now 52 percent of farm income in the year 2000 was government payments. That is something we all believe has got to change.

I worry how long the taxpayer is going to be willing to fund it and that is one of the areas that we are going to be deciding tomorrow. The debate starts this afternoon, three hours of general debate on the budget and I am very concerned about the budget that is before us. I respectfully differ with my good friend Chairman Nussle and Chairman Combest regarding the adequacy of this budget because when you start putting all of your chips on a contingency fund that may or may not be there, it does not give me a great deal of comfort when I look at what I perceive to be the very real needs of rural America—agriculture, commodity programs and the ensuing environmental and regulatory issues.

If we are going to deal with them and deal with them in a very positive way, it will take additional resources. Unless we are willing to upfront budget those additional resources, we will introduce a new uncertainty into production agriculture. If we are going to continue to bet—as we have the last three years—that the surplus will grow larger and, therefore, there will be additional funds available from the surplus, then we have to stop and ask the question—once we have committed all of the surplus to a tax cut and to social security and Medicare, as we are about to do right now, then where will the contingency fund come from? I think that is a reasonable question that reasonable people need to look at and answer honestly.

That's where the Blue Dogs will be with our budget. We are basically suggesting that we take the \$5.6 trillion and make sure that we all understand that it is a projected surplus and you do not spend projected surpluses like they are real money if you claim to be a conservative. In that \$5.6 trillion, acknowledge that \$2.5 trillion is social security, .4 is Medicare; that is \$2.9 trillion in total which leaves you \$2.7 trillion. I will submit that the proposals kicking around on tax cuts take the full \$2.7 trillion already. That means that tax cuts will consume all of the available surplus and none of the important increased funding needs will be met—for defense, agriculture,

healthcare, education or others. Or worse, we will address them and be back in the same deficit reduction situation that we were from 1982 to 1997, along with the higher interest rates we experienced to fund that deficit. Now I understand the President said he would veto anything more than \$1.6 trillion and that indicates that there is going to be an interesting conference coming down the pike.

From the standpoint of agriculture, the Blue Dogs are suggesting that we ought to do what every farm organization and every farm group has testified thus far before the House Agriculture Committee suggests to do. We should increase the budget an additional \$12 billion annually—\$8 billion for the commodity programs and then an additional \$4 billion to take care of the additional conservation, environmental, regulatory, rural development, and research needs that we believe are going to be there. You can separate that package. If you are going to deal with the very real environmental problems facing our nation today, it is going to take resources. But the resources have to be expended first to provide the research to give us the best answers possible on environmental issues and then to find the consensus science that we must have in order for us to solve these problems. I spoke briefly to the folks next door, the National Association of Conservation Districts meeting, on the conservation part just a moment ago. We have all kinds of different views and observations. And that is what makes our country, the great country it is because there will be different views, different opinions. And, therein, is both the big problem and opportunities we have now.

I understand that the president campaigned on a \$1.6 trillion tax cut. I understand why he is pushing that—he should. But I also understand when he said that it is up to the House and Senate to write a budget before he will negotiate. I do not understand why the leadership of the House is still pushing the President's plan—unless they believe in it. That is difficult to believe, given the risks that such a budget poses. If they truly believe in it, fine. But, it raises doubts about the funding commitments that were made to pass this budget. Therein is one of the discussions that we intend to have concerning agriculture, because I believe that the only prudent, fiscally conservative thing to do is to budget for those things that we believe we are going to need. Then to give us time to write a farm bill. In the budget we are supposed to write a full farm bill by July 11, if we are to have a shot at the contingency fund of \$515 billion.

With all due respect, it will be a challenge for the House Agriculture Committee to write a farm bill by July 11. Respectfully, I also have a slightly different opinion from my Chairman on how we write this farm bill. He is suggesting that we do the commodities first and then we deal with everything else in a separate bill. I get real nervous about that. I go back a long way with Secretary Bergland and Secretary Schnittker, even before Congress had the difficulties we now have writing farm bills. Unless we can put together a coalition of consumers, environmentalists, producers and everybody else up and down the line, finding 218 votes in the environment that we are operating today could be very difficult. We now have seen the greatest consolidation of producers ever. We know the numbers. Two million farmers, of which 500,000 and less are producing 85 percent of the value of production; 500,000 out of 280 million is not a powerful coalition. Therefore, agriculture is a minority group, as is my very rural and very agricultural district. It is experiencing all of the problems that I have talked about today.

From a pure conservative viewpoint, the best way to deal with a need is to budget for it. In budgeting for agriculture, we say increase the baseline by \$8 billion per year and then increase it by an additional \$4 billion per year so we will have the resources to deal with the conservation and the environmental concerns, research, trade and rural development. A little trivia here, which I am sure the folks next door and most of you probably will know—in 1937 the USDA conservation spending comprised six percent of the Federal budget. In fiscal year 1999, it was .16. In 1937, we spent \$440 million for financial and \$23 million for technical assistance and in 1999 dollars that is \$5.3 billion. Well, in fiscal year 1999, we spent \$977 million, that doesn't include CRP, WRP or emergency programs but it does indicate that the Congress and the nation, had a greater appreciation of the concerns of conservation back in 1937 than we do in 2001.

Water quality concerns must also be addressed. There are legitimate question about water quality where large animal operations exist. There are legitimate questions about the appropriate technology and how we use it in agriculture today. These are all legitimate questions that deserve to be answered. And they must be answered, but not in a confrontational way. In my opinion now, we must recognize that we are not, by accident, the best-fed nation in the world. It is not by accident that we have the most abundant food supply, the best quality of food, the safest food supply, the lowest cost to our people than any country in the world. That is not by accident. It is because we have used the best minds in the world to discover new and better ways to produce food more abundantly and more safely and to continue to use technology to continually improve what we are able to do.

But we are in danger today of being set back decades in the area of biotechnology—GMOs. There are the unfortunate happenings of StarLink corn and the political question of hormones in beef in Europe, etc. We are now in danger of being politically setback. Political setbacks may result in the loss of resources to continue development. I say very respectfully, to those who honestly believe that biotechnology is “bad for the world,” that you have to answer some of the other questions that go with that assertion. If we, in fact, turn back the clock on technology, how will the world be fed? How will the world that is growing by hundreds of millions of people, be fed? How will we deal with the very real problems of health in so much of the world, in the lesser-developed nations of the world? Somehow in the hysteria of politics in this town, and in many of the other capitols of the world, we are not doing a very good job of addressing these questions. It is very easy to reject something that may be right, but without sound, scientific basis, you will suffer the consequences.

Conservation, environmental and water issues, and the cost of TMDL implementation continue to raise concerns, especially where adequate data on an option may not be available. I've struggled with this in my own district, in dairy operations in the Boscque Watershed. The Boscque Watershed empties into Lake Waco. Lake Waco has now developed an algae problem where some think that the dairy may be the cause of increased phosphorus content. The question now is how do you address the increased levels of phosphorus in land where there has been a concentrated production of dairy manure?

Fortunately, we've been spending the last ten years developing data, and that is the first way you solve any problem. You develop the data so you have something to go on, other than somebody's opinion, whether it is good or bad. Once you get that information, you have to

depend upon a lot of folks a lot smarter than I to develop the science. You need to do it in a way that does not promote confrontation between land owners and consumers. We still are a nation that believes quite strongly in private property rights. That means there has to be an understanding of the facts and a political consensus must be developed.

The EPA has moved ahead with a number of new regulatory initiatives that were only vague proposals last year. They finalized the rule on TMDLs, proposed changes to storm water permits, proposed changes to run-off standards and new strategies for animal feeding operations. Industry also has moved ahead with several initiatives to self-police their environmental stewardship, such as the Excel program with the United Egg Producers, the on-farm odor and environmental assessment program with the National Pork Producers Council and the nutrient management program with the Texas Cattle Feeders Association. They have worked with our own dairymen, recognizing that if you are going to be in the food production business you have the responsibility of being a good neighbor, a good citizen. A good neighbor depends first upon who lives next to him and also depends on who lives downstream and downwind.

We perhaps have not done quite as good a job as needed in the past, but we have not done nearly as badly as some among us contend and who get more press time than they deserve based on their individual view. But, that is one of the blessings of the United States of America. It is called freedom of the press. It is called freedom of he who has the microphone—and right now, I have the microphone.

The following environmental questions must be answered this year—do we move toward greater government control of on-farm decision-making through prescriptive and environmental regulations? Do we weaken standards and perhaps allow environmental bad actors to give whole industries a bad reputation in the general public? Do we invest in a voluntary and regulatory mix that allows for innovation and flexibility to meet specific standards? Or is there something that we haven't thought of yet that will be better for the environment, rural communities and everyone involved? I've got my bias in this as I hope I stated in my opening comments to you. I think that we have to depend upon sound science and we have to decide within the scientific community where we need to be spending more of our resources to develop answers to problems. And that means causing many of our universities, our landgrant institutions and others, as well as our USDA research facilities, to honestly take a look at the resources we've made available and determine whether we are spending them in the most productive way or are we just continuing to do something that we've been doing for fifty years.

In the area of environmental quality, there are perceived dangers that threaten practical solutions to real problems. When those perceived dangers threaten private property rights, you better come with a shotgun down in my country. Folks there do not take kindly to being told that, somehow, building a lake is going to be detrimental to the water snake (as in a ten-year battle in my district). Those kinds of rules and regulations imposed by a government do not lead to practical consensus solutions. But if we can come up with legitimate questions about food safety, and environmental concerns, if we can continue to develop a political atmosphere as well as the academic approach that the general public might continue to believe that our food supply is safe and that not everything that we do is wrong, then we should do so. Obviously we cannot attain

perfection and we make some mistakes. That is why the political atmosphere and scientific approach are so important.

We have a different political climate here now. For the second Congress in a row I'm able to say, that one state, Texas, has the chairman and the ranking member of the House Agriculture Committee. Not only that, we are neighbors and good friends. Even so, I have a slight difference of opinion from my chairman on the adequacy of the budget we will vote on tomorrow—and I will be opposing it with every ounce of my strength and ability and he will be supporting it. At the end of the day, I suspect he will win and if so, then, ok. This is the hand that has been dealt and we will have to figure how it to make it work. I will be hoping and praying that I am wrong about the dire results caused by this budget—inadequate funding or renewed deficits and higher interest rates—and I will have to eat the biggest plate of crow in a year or two. That is our political system, however, and if the rest of Congress could adopt the attitude that the House Agriculture Committee has, we could sure do a lot of good on a lot of problems. I am hoping that our new President's attitude will wear off some on the House leadership but it has not happened as yet. But we hope that it will and if not we hope the Agriculture Committee's attitude will be rubbing off on some of the others in the House leadership and we might get on with working on all of these problems in a way which will bring about a very satisfactory solution.

Q. Would you say a word or two about what the Blue Dog Democrats are?

A. In Texas, a Yellow Dog Democrat is a democrat that would literally vote for a yellow dog if it were on the right side of the ticket (rather than vote for a republican). Well, a Blue Dog is a yellow dog that has been choked to death, from the right and from the left and is occupying the radical center. There are 33 of us in 20 states and we believe, for example, that of the \$5.6 trillion surplus, as I mentioned to you earlier, \$2.9 is Medicare and social security. We really mean it when we say we ought to pay down the debt with that, work on social security. As for the remaining \$2.7 trillion, we ought to take half of that and pay down the debt just in case the projected surplus is not real. We ought not to spend it until we find out whether it is real and that's our primary position. We also budget for agriculture, defense, veterans.

Q. Undecipherable.

A. I do not quarrel with your basic premise. If we were at this point in time having a serious discussion about a new direction for farm policy, then I would be prepared to acknowledge that maybe additional funds would not be necessary. In fact, I can make you an argument that they would not be. But my basic premise in recommending to the Blue Dog budget that we put it in the baseline is because, as yet, we still are operating under the philosophy of the current farm bill. And that is the so-called Freedom to Farm. And we will do so this year and next year and that I am also operating under the premise that we will not be able to come together with a new program that looks at consolidation, looks at targeting benefits, that does all of the other aspects implied in your question to me.

That brings on a whole other debate. I would submit to you right now that, why I so strongly feel that budgeting money sends the correct message to the rest of the world, this time the

HAC is not going to depend on others to bail us out. I am fully of the opinion that what other countries do with their farm policy is their business—not our business. But by the same token, if you are going to have production that is going to get into the world market, then it is my business and, therefore, let's concentrate our discussion on areas where we have mutually shared problems and then have a serious discussion about policy to fit them. We have to find a way to get more of the consumer dollar in our producer's pocket. There are only two ways that I know to do that, one is cooperative—coops, farmers working together like they have never done before. We have always been unwilling to cooperate to that degree. If we are not willing to change there, no farm policy is going to change what we are doing today. Nothing in this country is going to change it.

The second part of the cooperation is with corporate America. Corporate America has got to stop saying that the only answer to farm policy is that which lowers the price to the producer so we can be more competitive. That dog won't hunt anymore. We have gotten as efficient as we can get. I say that and will immediately get contradicted. When my son took over our farming operation about six years ago, I said then that we had gotten as efficient as we can get. First day, he comes in and says "Dad we've got to cut some expenses." I've said, "We've cut as far as we can cut." He said, "No, I'm cutting your rent."

When you read the *Wall Street Journal* this morning, and you see that soybeans went up yesterday—why, because the dollar went down! When you have Canadians with a 48 percent, Australians with a 52 percent advantage over our producers, strictly because of the value of the dollar, don't give me this business that the farmer has to get more competitive in the marketplace when the dollar will take 50 percent away from us in our ability to compete. I've posed this question on everybody and no one has an answer to that. I don't want a weak dollar, I kind of believe America is doing pretty good with a strong dollar. Most of us are, but those of us who have to work and compete in the international marketplace, we don't do well with that. Now you help me figure out how to deal with that and some of our other problems. You'll find what I've said to you today, and what I think you asked me with that question will not be nearly as different. You and I could probably argue the rest of the day on those issues.