

is preferred by farmers in parts of the United States. While I am very concerned that a de-coupled, lump sum payment is the wrong approach to take for several reasons, I understand the need to have comity and reasonable compromise in the Senate. Therefore, our proposal includes a pilot project to give farmers a choice between either crop insurance coverage or a risk management payment on a commodity by commodity basis. Yet, there are differences between the two risk management pilot programs offered by our coalition and those supporting large direct lump sum payments.

I am concerned the de-coupled payment alternative offered by others of the Committee is flawed. First, dividing a limited amount of money among many producers with a risk management payment fails to ensure the need for ad hoc disaster programs is eliminated. These direct lump sum payments will also be capitalized in land values and make it difficult for small and beginning farmers to compete for land.

Moreover, the alternative bill pushed by others in the Committee allows "double dipping" of benefits which I oppose. Those who choose a risk management payment are then also eligible for crop insurance under the current premium subsidy structure in the alternative supported by others today. This leads to a problem of complexity in terms of administration because crop insurance agents would be required to be able to quote two sets of premium rates available for farmers.

Nonetheless, members of the Senate have every right to propose risk management alternatives that they believe suit the interests of the farmers they represent. So with caution, I understand the need to offer a compromise bill with my colleagues on the floor today that offers some degree of "choice" and compromise. So, while the bill I support today also includes a risk management payment choice, it requires a more rigorous set of conditions through certification and random auditing to ensure program compliance. Therefore I believe the risk management payment in our approach is more responsible. That said, I would be remiss if I did not state, unequivocally, that I deeply appreciate the chairman's leadership in the Senate Agriculture Committee, and I respect the fashion in which he allowed the mark-up hearing to take place on March 2.

I want to mention one final issue very critical to the overall acceptance and viability of a taxpayer funded program like crop insurance. The issue of potential abuse in the insurance program was discussed in Congressional hearings on crop insurance reform last year. I do not believe fraud or abuse is of epidemic proportion in the crop insurance program. In fact, I believe the lion's share of interests (farmers, agents, loss adjusters, industry, and government) working in and around federal crop insurance are doing so

with the highest degree of integrity. However, I am cognizant that questionable claims and potential abuse were of great concern last year. That said, unless steps are taken to bolster compliance and oversight the public support for this vital program may diminish.

I am pleased to learn that earlier this month the risk Management Agency announced a major commitment to work with the private insurance industry to strengthen the integrity of crop insurance. I am hopeful this joint effort begins to end the concerns of this important program. I commend those involved in taking this positive step.

Mr. LUGAR. Mr. President, I ask unanimous consent that the vote in relation to the pending amendment No. 2888 occur at 11 a.m. Thursday morning, with 2 minutes equally divided for closing remarks prior to the vote. I further ask consent that following that vote the bill be read the third time, under the previous consent, and the Senate proceed to vote on passage of H.R. 2559, the crop insurance risk management bill, as amended, with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LUGAR. Mr. President, I note the presence of two distinguished Senators and perhaps more will come to the floor to offer comments on this bill or other bills.

On behalf of the majority leader, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, Senators may then speak on crop insurance or other subjects. The unanimous consent request I have stated on behalf of the leader will permit that debate to continue.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

CROP INSURANCE

Mr. GRAMS. Mr. President, I want to address the crop insurance reform proposal. I thank you for the opportunity to address this legislation that I think is so crucial to the economic health of farmers in Minnesota and across the country. I have appreciated the hard work and effort put into this bill, and I believe it is one of the key reform issues the Congress must address this year to create an economic climate that will enable America's farmers to thrive.

As a sponsor of crop insurance legislation in both the 105th and 106th Congress, I am certainly no stranger to this issue. Working with producers, rural lenders, economists, and other stakeholders, I think we have fash-

ioned a bill that would encourage more participation in the program, help encourage producers to buy higher levels of coverage, and will also reduce the instances of "moral hazard" to keep everybody's premiums lower, and also help maintain the integrity of the program.

Mr. President, I first introduced my crop insurance bill in the 105th Congress, and I am pleased that much of my own legislation has now been incorporated into the Roberts-Kerrey measure, including pilot programs that would offer farmers premium discounts for using whole farm units or one crop units of insurance, and allowing producers to cross State and county boundaries to form insurable units, plus a pilot program permitting producers to ensure their crops are based upon a future price. Also, I am pleased that this bill will now also include an expansion of the dairy options pilot program. I think this is also a very important tool for producers who are attempting to weather the ups and downs in the dairy market. So I think it is great that we have included this provision that is going to help dairy farmers in the Midwest and across the country as well.

Participation in the Federal Crop Insurance Program has increased from 10 percent of the eligible acres in 1980 to about 70 percent of eligible acres last year, 1999. I think that is encouraging, but we still need higher levels of participation if our farm is to successfully manage its risk in the face of ever-changing global markets. Like almost no other form of employment, producers are subject to a host of variables that impact their bottom line, including weather, disease, production levels in other countries, foreign trade, increasing production costs, and changing consumer demand. All are out of the control of the producer.

As most of you know, America's farmers are fiercely independent and ever optimistic and were glad to get the freedom to make their own production decisions that came with the 1996 farm bill. However, part of the promise of Freedom to Farm was that there would be accompanying efforts to bring about trade negotiations to reduce barriers, regulatory reform, and improvements to the Crop Insurance Program to help producers manage the risk in open markets. Unfortunately, the administration has not eased the regulatory burden on farmers, and we have not initiated new WTO talks or negotiations. I am confident this crop insurance reform legislation remains one of the most important pieces of the farm prosperity puzzle. Tax relief and tax reform for our farmers across the board is also very important because it directly impacts the bottom line, the net income of our farmers and the ability of our farmers to pass farms from one generation to another.

Again, I am proud to be one of the early advocates for reform and that the basic concepts of my proposal again were carried into this reform bill.

I strongly urge my colleagues to speedily approve this bill so it can be reconciled with the House bill and be completed as soon as possible.

Thank you very much, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho.

RISK MANAGEMENT FOR THE 21ST CENTURY ACT

Mr. CRAIG. Mr. President, I am pleased to join many of my colleagues today in support of S. 2251, the crop insurance reform bill. Senator GRAMS spoke most eloquently on the issue and of its importance. He has certainly led the issue, along with a good many other of our colleagues who brought us to this point of shaping the legislation and bringing it to the floor.

I thank the chairman of the Agriculture Committee, Senator LUGAR, for recognizing the issue and the need for the legislation. While he didn't agree with all that is in S. 2251, he recognized its importance. He recognized the importance of building a compromise, as we were able to do in the committee.

At this time, I am proud to join not only the chairman but certainly my good friend, Senator ROBERTS, and Senator KERREY, who really led the issues that are found and embodied in S. 2251.

There is no question that reform of the Federal Crop Insurance Program was not only a necessity but it was an obligation. It was a promise that we in the Senate and the House made to America's production agriculture when we moved to the new agricultural policy embodied in the current farm bill, Freedom to Farm. We said not only would we free up individual farmers to produce for the market absent specific Federal programs but we would provide them with the necessary tools to compete. One of them would be a risk management tool—crop insurance—so they could use it against downturns in the market or certain environmental circumstances such as drought, frost, or floods that might impede their ability to produce or destroy the very crop they planted in the ground.

We also said we would look at the trade issue, and obviously the sanctions our Government had placed against certain potential markets across the world. We addressed that last year in the Senate. We will address it again this year. If we can pass the sanctions legislation and it becomes law, and if S. 2251 becomes law, then we will have completed a package that was promised a good number of years ago to our farmers and ranchers across this country.

The bill before us addresses several concerns farmers in my State and I have had about crop insurance. The bill provides increased subsidies for a greater buy-up of the crop insurance; funding for research and development of specialty crop insurance, which is critically important; removal of the noninsured assistance program, better

known as NAP, area trigger which was a true impediment in past Federal crop insurance programs; and several other items.

Let me explain the uniqueness of Idaho agriculture.

There are sometimes two or three crop components to our large Midwestern agricultural producing areas. Idaho's great agricultural economy is based on minor crops and nontraditional crops. We know about Idaho's potatoes. But we oftentimes don't know about Idaho's winter peas, or our trout, or our seed peas, or our lentils, or our sugar beets, or our barley, or our mint.

Many people don't recognize that I have one of the most diverse agricultural counties in the Nation that produces large quantities of seeds for sweet corn, carrots, onions, celery, and all of those kinds of things you would not expect a State such as Idaho to grow, but we do because of our unique environment and our ability to control moisture through irrigation, and, as a result, creating the ideal situation for the growing of some of these seed crops. These are all minor crops and high-value crops that are sensitive to certain environmental or market downturns.

Current Federal crop insurance does not always provide for them. This legislation not only provides for the research to move us in that area, but it removes the NAP area trigger that was very prohibitive.

That is why I have worked with Senator KERREY and Senator ROBERTS to include a provision to reform the Noninsured Assistance Program, or NAP, in this amendment. NAP is used by farmers who grow these "specialty" or "minor" crops across our Nation. This legislation removes the area trigger and makes it a much more workable proposition for farmers in my State.

I often hear from farmers who are frustrated that crop insurance does not exist for our many specialty crops. It is why my farmers don't use it at the rate other producers across the country do.

This legislation should move us in the direction of creating another risk management tool for Idaho's agricultural production. I hope we can accomplish that. This legislation specifically encourages the development of specialty crop produce and allows the risk management agency to partner with entities to develop new crop insurance products. The bill also inverts the subsidy formula to make higher levels of coverage more affordable to farmers. These changes will speed new products to the market and make crop insurance a real risk management tool. These changes will help farmers protect crops against the disasters that oftentimes hit.

I once farmed and ranched. I remember one day standing at the window of my farm and ranch home watching a hailstorm wipe out 200 acres of the most beautiful barley crop I had ever raised. But I was fearful that year that

we were going to have hailstorms, and this was a unique crop. This was a seed crop, and a high-volume crop because it was a new, hydrosized barley. I had it insured. While I was rather fearful of the destruction of crop, as I watched it, I also knew I had protected my investment. I had done the right thing. It was a tool that was available in the market at that time, and it was affordable.

That was 25 years ago. Today, that tool doesn't exist at the level of affordability that it did in those days. As a result, farmers have walked away from crop insurance and have oftentimes during disastrous circumstances simply turned toward Washington to say to those of us who serve here: Help us.

What we are saying today with this legislation on the floor of the Senate is: Agriculture, help yourself. We are providing you with the ultimate of risk management tools, so you should not have to rely on a Federal Government to bail you out of a circumstance that is beyond your control. We give you the option, and we want you to use the option, providing for yourself as a stand-alone, private entrepreneurial entity of this economy.

This bill, however, provides a provision that concerns me, and it concerns the cattle producers of my State. The provision is federally-subsidized revenue insurance for livestock production. This could disrupt markets by masking market signals and create dependency on subsidies that could stimulate overproduction and create perverse incentives for producers who are striving to make sound, market-oriented management decisions.

The livestock industry of our Nation has never turned to the Federal Government to help them. They have received in situations of drought sometimes feed assistance, but there has been no program in the past that simply provided a level of stability to their income as has been true of other commodities produced by the agricultural sector. They are inherently worried about a Federal program that might create or cause market incentives that are not true to the livestock or beef industry market.

The beef industry is recovering now from a market downturn of the past few years. Relative to other segments of agriculture, the beef industry works unobstructed by Government pricing and direct payments to producers and other controls. This allows beef producers to make decisions about their own enterprises without having to worry about what Congress will do about the program or to the program. Cattle ranchers tell me they like it that way although it is sometimes very tough. I would like to see the beef industry continue down the path toward an open market approach, unstifled by any form of government involvement in their situation.

I hope in conference with the House we might work out this livestock provision in a way that will not create a preferred market incentive.