

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.