

REMARKS OF SENATOR BOB DOLE

DROUGHT SUMMIT

O'HARE-SHERATON HOTEL

SEPTEMBER 2, 1983

FIRST OF ALL, I WOULD LIKE TO THANK THE PRESIDENT FOR TAKING THE INITIATIVE IN BRINGING US TOGETHER TO TALK ABOUT THE DROUGHT SITUATION. I AM SURE HE WILL GIVE FULL CONSIDERATION TO OUR IDEAS ON HOW TO RELIEVE THE MOST SERIOUS EFFECTS ON FARMERS AND RANCHERS.

I WOULD ALSO SAY THAT SECRETARY BLOCK SHOULD BE COMMENDED FOR CALLING THIS TIMELY MEETING, AND FOR SHARING THE USDA'S MOST UP-TO-DATE INFORMATION ON CROP CONDITIONS, THE OUTLOOK FOR LIVESTOCK PRODUCTION AND PRICES, AND ON VARIOUS FEDERAL ASSISTANCE PROGRAMS.

I THINK WE ALL SHOULD RECOGNIZE THE NEED TO TRY TO WORK TOGETHER ON FINDING WAYS TO DEAL WITH DROUGHT-RELATED LOSSES. EVERYONE IN THIS ROOM HAS SEEN THE TIDE OF MEDIA CRITICISM THAT HAS BEEN ERODING AGRICULTURE'S NATIONAL REPUTATION DUE TO THE GROWTH OF FARM PROGRAM

- 2 -

COSTS AND THE PIK PROGRAM. THE LAST THING FARMERS NEED AT THIS POINT IS FOR FARM STATE LEGISLATORS AND GOVERNORS TO BEGIN A POLITICAL SQUABBLE OVER DROUGHT ASSISTANCE. I DON'T BELIEVE IT WILL HAPPEN, BUT IT WOULD BE A GREAT DISSERVICE TO THE FARM CONSTITUENTS WE ARE TRYING TO HELP.

I'M SURE WE ALL CAME TO THIS MEETING WITH IDEAS ON HOW TO ADDRESS THE DROUGHT AT BOTH THE FEDERAL AND STATE LEVELS. IT'S CLEAR, HOWEVER, THAT THE LAST THING WE CAN AFFORD TO DO IS TO JUST REACH IN SOME POCKET AND THROW MONEY AT THE PROBLEM. WE DON'T HAVE ANY MONEY; WHAT WE DO FIND WILL HAVE TO BE BORROWED FROM SOME OTHER PROGRAM. AND THE HIT-AND-MISS APPROACH OF YEARS PAST NEVER REALLY SATISFIED ANYONE.

THIS SAID, I WOULD LIKE TO OFFER A FOUR-POINT PROGRAM FOR INITIAL DROUGHT RELIEF THAT WOULD EXPEDITE THE EXISTING EMERGENCY LOAN PROCEDURES, TAKE ADVANTAGE OF EXISTING SOURCES OF LIVESTOCK FEED,

- 3 -

AND BEGIN TO REVIEW HOW TO PROTECT AGAINST THE MOST SEVERE INDIVIDUAL LOSSES.

1. "COMPLETE STATE DECLARATION"

FIRST, I WOULD URGE THAT THE CURRENT COUNTY DISASTER DESIGNATION PROCEDURES BE DROPPED IN FAVOR OF COMPLETE STATE DECLARATION. CROP DAMAGE IS SO WIDESPREAD THAT THERE IS NO REASON TO GO THROUGH THE RED TAPE OF FILING AND APPROVING COUNTY DAMAGE ASSESSMENT REPORTS. ONCE A STATE IS APPROVED, INDIVIDUAL FARMERS WOULD STILL NEED TO DEMONSTRATE AT LEAST 30% TOTAL CROP LOSS TO BE ELIGIBLE FOR LOW-INTEREST LOANS.

THE 30% COUNTY DAMAGE REQUIREMENT IS AN ARBITRARY REGULATION THAT CAN EXCLUDE PRODUCERS SUFFERING MAJOR LOSSES FROM ELIGIBILITY FOR EMERGENCY LOANS FROM THE FARMERS HOME ADMINISTRATION. IN FACT, AFTER THE UNEXPECTED MAY 1981 CROP FREEZE IN WESTERN AND NORTHERN KANSAS, I BROUGHT THIS INEQUITY TO SECRETARY BLOCK'S ATTENTION IN A LETTER CO-SIGNED BY SENATOR KASSEBAUM AND CONGRESSMAN PAT ROBERTS.

- 4 -

I AM HOPEFUL THAT THE WIDESPREAD AND SEVERE NATURE OF THE CURRENT DROUGHT WILL JUSTIFY WAIVING THE COUNTY DESIGNATION PROCESS.

2. IMMEDIATE STATE CONSIDERATION

SECOND, IF THERE IS CLEAR EVIDENCE OF SERIOUS CROP LOSSES, STATES WHICH APPLY FOR DISASTER DECLARATIONS SHOULD BE IMMEDIATELY CONSIDERED AND, IF APPROPRIATE, APPROVED. INDIVIDUAL FARMERS WILL STILL NOT BE ABLE TO FILE UNTIL AFTER HARVEST, BUT ADVANCE PREPARATIONS CAN BE MADE BOTH IN-STATE AND IN WASHINGTON ONCE THE STATE APPLICATION IS ACCEPTED.

3. UNRESTRICTED HAYING AND GRAZING

THIRD, UNRESTRICTED HAYING AND GRAZING PRIVILEGES SHOULD BE GRANTED ON ALL CONSERVATION USE ACREAGE UNDER THE 1983 ACREAGE REDUCTION AND PIK PROGRAMS. THERE SHOULD BE NO RESTRICTION ON THE SALE OF HAY, AND THE LIMITATION TO LIVESTOCK OWNED BY THE PRODUCER UNDER THE EMERGENCY GRAZING PROGRAM ANNOUNCED IN AUGUST SHOULD BE LIFTED.

WITH THE SERIOUS SHORTAGE OF LIVESTOCK FEED AND FODDER, THERE IS NO REASON FOR RESTRICTING HAYING AND GRAZING ON CONSERVATION USE ACRES. PRODUCERS SHOULD STILL BE REQUIRED TO MAINTAIN ADEQUATE COVER TO PREVENT WIND AND WATER EROSION.

#### 4. FEDERAL CROP INSURANCE REVIEW

FINALLY, USDA SHOULD INITIATE A REVIEW OF THE EFFECTIVENESS OF THE FEDERAL CROP INSURANCE PROGRAM. THE DROUGHT WILL BE THE FIRST MAJOR TEST OF THE CROP INSURANCE LEGISLATION PASSED IN 1980, AND I UNDERSTAND THAT PARTICIPATION IS STILL AT OR BELOW 25% OF ELIGIBLE ACRES ON A NATIONAL BASIS. THIS MEANS THAT THE VAST MAJORITY OF FARMERS ARE NOT COVERED. IT ALSO MEANS THAT THE PROGRAM IS ON A VERY THIN ACTUARIAL BASE, AND COULD BE VULNERABLE TO SIGNIFICANT LOSSES.

THE REVIEW SHOULD FOCUS ON THE STRUCTURE OF PREMIUMS AND THE COVERAGE THEY BUY, AND ON THE CURRENT METHODS THROUGH WHICH CROP INSURANCE IS SOLD AT THE LOCAL LEVEL. WE NEED TO DETERMINE WHETHER

PRODUCERS JUST AREN'T BUYING A GOOD PRODUCT OR WHETHER SOME FARMERS MAY HAVE HAD LITTLE ALTERNATIVE TO TAKING UNINSURED RISKS. IF SO, WE MAY NEED TO FIND SOME WAY TO PROVIDE THE MOST SERIOUSLY AFFECTED SOME EXTRA ASSISTANCE.

#### OTHER PROPOSALS

THESE ARE ONLY A FEW OF THE VARIOUS PROPOSALS THAT THIS MEETING WILL BRING OUT. AND IN THE PROCESS, I HOPE WE ALL GET A BETTER APPRECIATION OF WHAT CAN BE DONE, WHAT MUST BE DONE, AND WHAT THE STATES MAY HAVE TO DO THEMSELVES. AT SOME POINT, WE ARE GOING TO FIND THAT THE FEDERAL POCKET IS EMPTY -- OR THAT WE'VE REACHED INTO SOMEONE ELSE'S POCKET. IN EITHER CASE, FARMERS DESERVE TO HEAR A REALISTIC APPRAISAL OF WHAT CAN BE DONE TO HELP, AND NOT AN AUCTION OF EMPTY PROMISES.

I LOOK FORWARD TO HEARING OTHER IDEAS FROM THE OTHER MEMBERS OF CONGRESS AND GOVERNORS HERE TODAY.