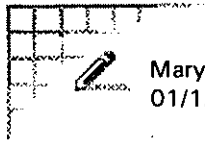


**NLWJC - Kagan**

**DPC - Box 001 - Folder 018**

**Agriculture - Crop Insurance**



Mary L. Smith  
01/12/98 05:11:52 PM

Record Type: Record

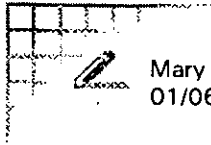
To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Thomas L. Freedman/OPD/EOP

cc:

Subject: Crop Insurance Ideas

In response to inquiries about crop insurance from Senator Conrad, we met with the folks from Agriculture. There are two promising ideas on the crop insurance front, both of which USDA is working on. One idea is whole farm insurance, which would insure about 50% of revenues from entire farm operations. These revenues would be determined by Schedule F tax filings. The other idea is a farm IRA, which would not be tax deferred, and would allow farmers to put up to 20% of their receipts in an account. Money could only be withdrawn from these accounts if farm income falls below a certain level.

We are going to follow up on these ideas in the farm working group meetings that Tom is having. We are going to have the first meeting this week with Greg Frazier (COS to Glickman), Dave Carlin (legis affairs), Carl Whillock, and Barbara Wooley . Thanks, Mary



Mary L. Smith  
01/06/98 06:06:15 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Thomas L. Freedman/OPD/EOP

cc:

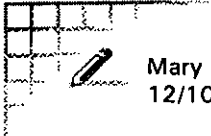
Subject: Crop Insurance for Farmers

We are going to set up a meeting for early next week on expanding the crop insurance program for farmers. Carl Whillock and Joe Glauber from USDA will be at the meeting. We will explore options in order to better address risk management for farmers. Apparently, this issue is hot right now as Glauber will be addressing a Farm Bureau meeting on this topic this week. Mary


NO MENTION OF TOBACCO,  
ONLY "REVENUE-PRODUCING CROPS"

..

NO MENTION OF TOBACCO, ONLY  
"REVENUE-PRODUCING CROPS"

 Mary L. Smith  
12/10/97 07:04:14 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Thomas L. Freedman/OPD/EOP  
cc:  
bcc:  
Subject: Re: Ag Issues 

I talked to Carl Whillock. Here are his answers:

1. **Crop revenue coverage:** Currently, crop revenue coverage is only available for very limited types of crops such corn, wheat, etc. USDA is currently discussing internally expanding this to all types of revenue-producing crops, including cattle, tomatoes, etc. The discussions at USDA have focused on this expansion being implemented primarily through private insurance coverage. One scenario would have the farmer responsible for the first 10% of loss, the private insurance company covering the next 65%, and perhaps the Federal government subsidizing the last 25% of the farmer's loss.

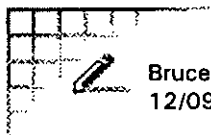
Carl believes that this crop insurance would not be very expensive to the individual farmer as long as the risk pool was very large and spread over different types of farmers. Carl thought that this type of private insurance arrangement with partial government subsidies might even be less expensive than the current price support and loan programs, because of the private insurers' substantial participation. Carl also didn't think that this type of scenario would require legislation, but might require an appropriation for the subsidy portion.

Even though USDA is doing research on this, they do not have a deadline or even a time frame to try to implement this. This seems like a good idea to pursue. Should we follow up with this by setting up some meetings with USDA and OMB, etc?

2. **Export Enhancement:** Carl agrees with Bruce that this program is being used as extensively as possible already. Under this program, the Secretary of Agriculture has substantial discretion to subsidize the advertising and sales of exports of U.S. food. This subsidy primarily goes to food processing companies, and critics argue that we are simply supporting companies such as Tysons, etc. However, these programs indirectly benefit farmers because their products are exported in greater quantities. Also, U.S. food is able to be exported at a lower cost because U.S. food processing companies spend less on advertising and marketing because of the federal subsidy. Further, the Secretary can direct the subsidies toward whatever crop needs the assistance in a particular year. For instance, this year greater portions of federal funds have been directed toward the dairy industry.

We can look into expanding the program if you want.

Regards, Mary  
Bruce N. Reed

 Bruce N. Reed  
12/09/97 12:24:39 PM

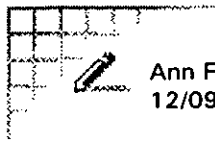
638-  
5234

Record Type: Record

To: Thomas L. Freedman/OPD/EOP, Mary L. Smith/OPD/EOP  
cc: Elena Kagan/OPD/EOP  
Subject: Ag Issues

Could you check with Carl Whillock on this? Thanks.

----- Forwarded by Bruce N. Reed/OPD/EOP on 12/09/97 12:24 PM -----



Ann F. Lewis  
12/09/97 10:20:50 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP  
cc:  
Subject: Ag Issues

I talked with Kent Conrad this weekend. He pointed out that farmers in his state are suffering from serious crop losses due to disease. (Nothing brand new or exotic but much more widespread --perhaps up to 30% some crops.) When ND had \$1 B + in flood damages, FEMA came and and were "terrific" but when people suffer equally devastating (\$1B) crop damages, there is no similar response available. I asked about crop insurance. There is "crop revenue coverage" but he felt it could/should be strengthened / expanded .Since the "Freedom to Farm" bill does open farmers more to market forces, is there an argument for increasing or expanding insurance ?

His second recommendation is for "aggressive export enhancement" --my own sense is that we are pretty aggressive at this and it would be hard to demonstrate more but what do I know...