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C 837P "PROGRESS OF THE CROP INSURANCE PROGRAM"

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A dialogue between John A. Bird, Federal Crop Insurance Corporation, and Wallace L. Kadderly, chief, Radio Service, United States Department of Agriculture, broadcast Tuesday, August 23, 1938, in the Department period of the National Farm and Home Hour by the National Broadcasting Company and a network of 90 associated radio stations.

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KADDERLY:

Six months ago a new agency was established within the United States Department of Agriculture . . . The Federal Crop Insurance Corporation. During the past spring and summer, this new agency has been organizing, laying the groundwork, in order that farmers might insure the yields of their 1939 wheat harvests. It won't be long now until the winter wheat crop will be in the ground . . . the first insured wheat crop. But here is John A. Bird of the Federal Crop Insurance Corporation to tell us about the progress of crop insurance. John, I notice you've been studying that calendar on the wall rather carefully. Is it idle curiosity, or are you really checking on the date.

BIRD:

Well, it is not idle curiosity, Wallace. You see there are just eight and a half days left before the closing date for crop insurance on winter wheat. Just eight and a half days.

KADDERLY:

No wonder you're interested in the calendar.

BIRD:

Yes, we're right up against the deadline, August 31st. That applies to practically all of the western winter wheat states. In two states, of course -- California and Arizona -- the closing date is November 30. They plant their wheat later.

KADDERLY:

Then, I would say that August 31 is a significant date for growers of winter wheat. But tell me, just how does that deadline apply?

BIRD:

If you're a grower of winter wheat it means that you must have your application for crop insurance in your county office by the specified closing date. And I might add that as a special convenience, many county offices are going to stay open the night of August 31st.

KADDERLY:

No doubt they will be mighty busy, too. However, some of the listeners are probably wondering just why a deadline? Why not take applications all through the growing season?

BIRD:

You've hit a very important point there, Wallace. Let's go into the background of crop insurance and see just how important it is to have cut-off dates. Essentially, wheat crop insurance is a big joint reserve into

(over)

which growers pay premiums, and from which they can draw when they suffer crop losses. Now, in establishing the premium rates, we measure a farm's average risk, and set the premium in line with that risk.

KADDERLY:

Yes, I recall that. A 10-year average, isn't it?

BIRD:

That's it. Now, over a long-time period, premiums and losses should just about balance. In other words, wheat growers will get back as much wheat from the reserve as they pay into it in premiums.

KADDERLY:

That's from the long-time standpoint. . .

BIRD:

But, if that law of averages is to have free play, both the farmer and the Corporation must start off on the same ground with regard to the future crop. So the crop must be insured before planting -- before either the farmer or the Corporation knows how it is going to turn out.. That puts everybody on the same basis.

KADDERLY:

I see what you're driving at. Since crop insurance is a mutual, co-operative program it stands to reason that if some farmers get more than their share of protection, it would mean less for others.

BIRD:

Exactly. So the program has been designed to give everybody the same break with regard to the prospects of the insured crop.

KADDERLY:

That's clear enough. Now, then August 31st rolls around. . .

BIRD:

In eight and a half days . . .

KADDERLY:

Sure . . . Just how many winter wheat growers will have filed applications for policies?

BIRD:

Whew! That is a tough question -

KADDERLY:

Oh, just an estimate -- a good one, of course.

BIRD:

Well, let's see. Our latest reports from the field . . . August 15th. . . it was. . . showed that around 75,000 applications had come into county offices.

KADDERLY:

You're speaking only of winter wheat states, aren't you?

BIRD: :

Yeah. Taking of applications just got underway the latter part of July . . . couldn't start until after harvest, you know. And field men report that a regular flood of applications are coming into county offices now. So I'll guess . . . estimate . . . that more than 150,000 farmers in the winter wheat belt will have applied for crop insurance by the closing dates.

KADDERLY:

150,000 in the winter wheat belt. Pretty good for the first season. What states will have the most?

BIRD:

I can't answer that one. But that last tabulation showed Ohio leading with 17,000. Missouri was second with 12,000, and then came Illinois with 10,000, and Nebraska with 8,000, Kansas and Montana had around 7,000 apiece. Those are very early figures, of course, and will be changed a lot when final returns come in. Ohio, for example, had an early harvest and got started sooner.

KADDERLY:

So far, we've stayed pretty close to winter wheat, John. How about traveling a few hundred miles north, where the great spring wheat crop is grown. How is crop insurance going out there?

BIRD:

It's getting off to a flying start out there, Wallace. Naturally, they don't plant until spring, so no deadlines have been set for receipt of applications as yet. But last week we issued the first policies on spring wheat at Moorehead, Minnesota. That's right out in the Red River valley, where they are harvesting a lot of wheat this fall.

KADDERLY:

I'll bet that was quite an event. I recall that the idea of crop insurance was born out in that part of the country.

BIRD:

And it's growing up out there, too. Farm organizations in the spring wheat belt have been advocating crop insurance for more than 20 years. They were among the first to see that the farmer should have some protection against the sudden acts of nature that may wipe out a crop. So it marks a milestone in their history to see that idea materialize in a nation-wide crop insurance program for wheat.

KADDERLY:

Now, John, why don't you give us a short summary of the crop insurance plan. There may be some of these folks listening who haven't had an opportunity to get the high-lights of it before...

BIRD:

O. K. Wallace. Crop insurance has been described as a plan for putting a little wheat in the bin each year against the day when it doesn't rain.

But that only covers part of it. . . because a crop insurance policy guarantees a wheat grower that he will have wheat to sell in 1939, despite lack of rain, hail, fire, flood, or any other unavoidable losses. It's all-risk insurance. Now a farmer can take out a policy that covers either 50 or 75 percent of his average yield, as measured by his 10-year yield record, 1926-36. His premium for the policy is fixed in accordance with his actual loss record. So it goes right down to the individual farm, you see. And the most unusual feature of crop insurance is that it is all carried out in terms of bushels of wheat. The coverage is in bushels, the farmer pays his premium in bushels - or the cash equivalent of bushels - and the reserve which stands behind the guarantee of the policy is carried in actual stored wheat. And next year, if drought, or rust, or hail, or any other catastrophe strike the insured fields, actual wheat will be withdrawn from that reserve to pay the insured growers their losses. That is the broad outline of the plan, and let me remind winter wheat growers to check up on the deadline for applications in your state. It's August 31st for most of the winter wheat states, and if you want to be sure of wheat to sell next year, you can do it with a crop insurance policy.

KADDERLY:

Thanks, John Bird, for giving us this progress report on the new wheat crop insurance program.

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