

{As prepared for delivery}

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Agriculture Future of America

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- **Good evening and thank you Mr. Kemper for the fine introduction.**
- **This evening I want to share with you what I believe are some of the creative and bold changes taking place in rural America and how these changes present opportunity.**
- **There is a realization in rural America that the rules are changing, and I believe the dynamics of these changes are forcing us to rethink many of the traditional approaches to agriculture and rural issues, and I suspect was this same type of realization impetus for the creation of the AFA in 1996.**

- **AFA I understand was an outgrowth of an organization change which fostered new KCMO programs that have embraced new ideas, new energy and new enthusiasm and which will help ensure a bright future for our rural families and their communities. I commend the AFA and its leadership for taking on this challenge.**
- **I am no stranger to rural America and understand the challenges which we are encountering. Rural America is where I was born and raised. It is where I met my wife, had our children, and made our home.**
- **Born and raised in rural Cherokee County, Iowa, I was one of nine children and grand children. After graduation from college, military service, and a position with the National Assessment of Educational Progress, I chose to return home to the family farm, effectively becoming the fourth generation of our family to be engaged in agriculture.**
- **The decision to return rose out of a love for Rural America and farming: at the time, the horizons of agriculture appeared limitless, and were extremely enticing for a young entrepreneur.**

- **My new bride Ann and I raised 2 children and had an interesting and full life in rural America, but it has not been without trial.**

The State of Rural America

- **In the 70's – The sky was the limit – Enthusiasm, excitement, Foreign markets had arrived and Infectious time. Food demand was growing.**
- **But the farm crisis of the 80's dealt a significant blow to the psyche of post World War II rural landscape. We began to watch small towns wither, and economic opportunity diminish.**
- **But now, I have been given the charge by the President to work with people like you who are going to help create an environment conducive to revitalizing this precious landscape we call rural.**
- **It is an ongoing and exciting challenge with many opportunities to make a lasting difference.**

- **There is no need to sit idly and watch small towns and rural areas deteriorate.**
- **We have seen the aging of rural America and experienced the challenges of access to health and educational services, along with the deterioration of the basic community infrastructure – but we also see opportunities. We are seeing the slowing of the population decline, and as more Americans come to the realization of what opportunities exist, it’s my view we will continue to see resurgence toward reinvigorating rural areas.**
- **Opportunities for you, your family, friends and neighbors to create vibrant rural communities and where we can we intend to foster and encourage businesses to build and grow with the realization that additional families will be enticed to live and work in these areas.**

Why?

- **Well one thing that I have witnessed since becoming Under Secretary is the fact that people move to opportunity. If we can create the opportunity, through the transforming of rural America of the 20th Century into the rural America of the 21st Century, we will ensure that more Americans will choose it as the place they wish to live and raise their family.**

Let me share with you one example:

- **Last July, I met a gentleman by the name of Tom Pfozter. Who lives in Northern VA and operates a truck farm and farmers market;**
- **15 years in Dot.com....left and bought 40 acre farm**
- **Chased his tail, consumerism, poor quality of life**
- **Overhead expenses kill IT industry...2 hours a day in car, overpriced real estate and housing (100,000 vs. 800,000)**
- **IT industry moving overseas...too much overhead...**

- **Then I reminded him we've forgotten what the tech industry was all about.**

**WE CAN NOW TAKE THE JOBS TO THE PEOPLE.....NO
NEED TO TAKE THE PEOPLE TO THE
JOBS.....IMMEDIATELY COMPETITIVE**

- **Another example -- Trademark and Patent office in Alexandria – 14 acres accommodate 75 acres of office and 12,000 plus jobs...in excess of 1,300 parking spaces and no real room – why not here – or in Omaha or Sioux City – or for that matter Branson.**
 - **We can if done right and our resources used effectively....compete globally while living locally.**
 - **But, we will have to bring institutional support to create policies and an environment in Rural America to be successful.**

HOW CAN WE DO THIS?

- **In order to make this happen we will need a change in both our institutional and business mindset that allows us to take the next step.**

- **How will this help to ensure a strong rural economy?**

- **I firmly believe that American agriculture is at a crucial crossroad. When we look at what drives our local rural economies, along with our agricultural production capacities, and in the context of global markets – we need to accept the new economy of agriculture -- one that requires new strategies and an openness to adapting to new environments –Which if we do will in the long term benefit all of rural America.**

- **Today, we are seeing an evolution of two distinct policies affecting rural America that may not be that self evident:**
 - **Ag Policy**
 - **Rural Development Policy**
 - **Evolving Rural Policies; HHS, HUD, DOE, Commerce**

NOTE: USDA's 2003 budget

- **Title I of the commodity title of the farm bill, and Title II – the conservation title of the bill at best directly affect 2.5 million rural landowners and producers (\$24-25 billion)**
- **So what about the other 62 million rural Americans?**
- **How do we meet their needs and create economic opportunity for them?**
- **I firmly believe that the foundation for economic opportunity comes from building a framework that allows residents and businesses to be competitive.**
- **Historically the key to being competitive is our ability to grasp and utilize the power of technology – and as always we will again. The Internet, and the technology that has flowed from it – has resulted in the free flow of capital and easy access to knowledge across all borders.**

- **It has made it possible for competition to develop and build production and value-added systems unconstrained by yesterday's foundations. It has served to create international and non-traditional competitive pressures.**
- **Let me give you as an example – an article in the Wall Street Journal drove home the fact that through the use of these Internet technologies, we have seen a shift toward creating opportunities where they previously didn't exist.**
- **The story cited the remigration to China by those young Chinese who came to the United States for the economic and educational advantages our country holds, but found that through modernization of technology in their own country, that they can return home and have access to global commerce opportunities. If we are going to compete with the Brazils and China's we must be competitive.**
- **We all know the importance of trade to our U.S. economy is clear, for every \$1 billion in exports, we create employment opportunities for 15,000 Americans, and in rural America, one-third of all jobs depend on exports.**

- **But embracing the benefits of technology will not alone provide our producers and rural business ventures the competitive edge needed in today's markets. We also need to look at agriculture as a business, and in America that is easier said than done.**
- **Let me give you another example. I recently had a discussion with a Midwest farmer. He spent 20 minutes with me rationalizing why he tore down the barn his grandfather built on his family farm. He said he couldn't put big doors on it, the facility wasn't able to accommodate present technology, etc. He felt guilty.**
- **My point is – maintaining traditions sometimes create problems in our ability to remain competitive. Progressive companies eliminate obstacles and we must as well replace them with efficient ones.**

- **The changes occurring in agriculture are swift and require a mind shift, a new approach to the development of policies that will drive our country's rural development efforts. To understand the speed of change and to put some perspective on it:**

Barn Technology Analogy

- **1900 – Sears barn cost \$2,500 - \$3,000 plus labor that had a usable lifespan of 60-75 years.**
- **1960's – Cargill modified open swine facility that cost \$60 a headspace to build with lifecycle of 25 years.**
- **1979 – 15 years -- \$90 a head space**
- **Early 1990's – Slated floor barns cost \$125 per head and a 10-year lifecycle.**
- **And now, my brother uses a new face style barn that utilizes satellites to transmit data to Germany -- \$165 a head with a 5-year lifecycle.**

- **The point is how can we expect to have a viable agricultural economy if we try to build it on a model we relish from the 1950's?**
- **The harsh global economic realities that we face -- forces us to understand and accept – that while we hold dear the attributes of the American Gothic way of life – we have a responsibility to our families and to the future of rural America to paint a new picture -- one that allows us to respect our heritage and traditions, but to simultaneously expand our tolerance and acceptance of new and innovative approaches to support our farmers and ranchers and the rural communities in which they live.**
- **There should be no misunderstanding of the breadth to such a challenge. And as we move forward in the development of policies to drive the future of rural America, we must utilize the resources of those who share our commitment to the heritage and the future of rural areas. – We must embrace the Tom Pfozgers they migrate to rural America.**

Rural Development

- **Now how is USDA and the Administration facilitating this transition? It began with the reorganization of USDA in the mid 1990s and as a result Rural Development's fundamental mission has become to serve rural America by facilitating the harnessing of the resources necessary to:**
 - **Increase Economic Opportunity,**
 - **Improve the Quality of Life.**

- **By Increasing the flow of capital to finance housing and business development; maintaining, sustaining, and rebuilding the existing infrastructure; and fostering and enhancing the build out of the technological infrastructure needed to enable rural America to compete both domestically and globally.**

- **Rural Development is rural America's venture capital firm. We are a large investment bank -- with \$86 billion in our portfolio. This year alone, we will invest nearly \$16 billion in the future of rural America, which has resulted in creating or saving 350,000 jobs.**

- **Why are these investments important? Because we help rural communities create and save jobs and that makes Rural America a place where families, businesses and communities can thrive.**
- **And that is why I am excited to be here this evening, because as I look around the room, I see the future of our agribusiness industry as well as the future of rural America.**
- **Each of you here this evening hold in your possession the ability to write the history books on the new rural America and the communities where you were raised and hopefully where you will raise your families.**
- **The fact is that one of the greatest assets you have at your disposal is your youth. That's right, your youth. You have the freedom and the drive to think creatively and to be bold in your pursuit of a future in agribusiness. You can challenge the methods of the past, and bring new thinking to the table.**

- **My enthusiasm in the leadership you are developing stems from the notion that we must be creative in finding solutions to how rural areas can sustain and grow themselves in the 21st Century. And I am here tonight because the President and I believe in you and I believe that given the right infusion of bright young men and women into communities and businesses across rural America, we will shape a future that offers an improved quality of life and economic opportunities for millions of people.**
- **Foremost to accomplishing this transition is the need to build the arsenal of knowledge that you can call upon. An arsenal of education, core beliefs, knowledge, and a drive to succeed.**
- **I commend the AFA for providing this leadership development opportunity and these programs to prepare you for the challenges that await.**

- **On a personal note, my keen interest in participating in public policy came through years of living and working in rural America. I have learned through knowledge, technology, my neighbors and professionals, an understanding of sorts, to the importance of engaging in public policy debates; you will become a community leader, public policy and economic leader.**
- **As Under Secretary, I now engage in national policy debates. I must say that having come from rural Iowa, I am somewhat overwhelmed at the amalgamation of wisdom, old and new, that converges upon Washington, D.C. and plays a role in this policy development. Washington is a place where we have a mix of the best and the brightest, where policy, dreams, and opportunity only happen.**
- **Yet, while Washington is the place where policy is developed, it is still in rural communities across this country where the policies are implemented and are ultimately deemed effective or ineffective. It is the local people and their communities that will determine the fate or future of their rural regions, and I have learned that they understand the stakes, and are driven to see success come from their**

efforts.

- **I recently had the opportunity to tour several communities in the Northwest and witnessed first hand some of the ways individuals in rural communities are making a difference:**

Examples:

- **It is the efforts of these communities that drive our mission at USDA Rural Development.**

CLOSING

- **Rural America is full of great potential and opportunity. But it needs leaders who are bold and daring, who are not restrained by the traditions of the past and who will try new approaches to making it competitive in global markets.**
- **Rural America needs you to be the leaders who dare to make a difference.**
- **I encourage you to jump into leadership roles with both feet, and help create the economic opportunities and improved quality of life that can sustain your friends and families, and**

all of us who dare to live in rural America.

- **My focus and drive at Rural Development, is to help develop and support rural policies and local development efforts that will support the utilization of your talents and will entice you to build a future in rural America.**
- **It is a distinct privilege and honor to have been asked to join you this evening.**
- **So I not only wish you and this conference the very best, but bid you God speed in your pending journey through the next several decades in rural America.**