

**Wheat Growers Joint Board Meeting
National Association of Wheat Growers and U.S. Wheat Association
November 1, 2008**

**Thomas C. Dorr
Under Secretary for Rural Development**

[Joint Board Meeting. 15 minutes; 10 minutes Q&A. You will be introduced by either NAWG President David Cleavinger or USW Chairman Michael Edgar.]

Good afternoon. Thank you for that very generous introduction.

I am first a farmer from rural Iowa – so although a lot of what I say may not sound that way – I am.

Let me begin by saying that I very much appreciate David [Cleavinger] taking the time to join us this summer in Europe. This was for a Rural Development exchange mission to the EU. It was a very beneficial trip .

We had a terrific opportunity to exchange views on a number of important questions with our counterparts in the EU. Our purpose was exactly that.

We had a strong delegation ... a balanced delegation ... and David brought a producer viewpoint to the table that I think it was important

for our friends across the pond to hear. So David, Thank you for coming.

It is a distinct pleasure for me to be here today. There are many subjects we could discuss this afternoon and I am aware of the calendar and your clock.

There is an election Tuesday. President Bush is not on the ballot. Regardless of who wins, there will be a changing of the guard in the Administration and at USDA. The next Administration will chart its own course.

Yes, some things, however, won't change. This is an era of extraordinary challenges and opportunities. In the final analysis, these are driven by technology and globalization. So whoever wins on November 4, we will wake up to these same realities the next day.

The changes we face involve considerable turbulence ... what Joseph Schumpeter called “creative destruction.” But it is important to keep in mind ... despite all the turbulence ... that this is fundamentally still a good news story. We are living in an era of incredible opportunity.

Since the fall of the Berlin Wall, almost three billion people have joined the world market system. We won the Cold War. This is what victory looks like. This is the greatest explosion of economic freedom in history.

Hundreds of millions of people are graduating to the global middle class. There is an enormous new demand for both food and fuel. Agriculture is on point for both.

It is clear there are many challenges. Commodities prices are being revalued in world markets ... not just for food and fuel, but across the board.

Farm prices are high, well not so high now. So are costs of production.

New technologies, new products, new markets, and new competitors challenge old business models. The buildout of ethanol, for example, has a ripple effect across all of agriculture. The shift to cellulosic ethanol a few years down the road will upset the balance again.

Business models will need to change. There will be uncertainty and risk.

These pressures are faced, not only by us, but by our friends in Europe, Canada, and other developed nations as well. That in fact is one of the reasons we took our Rural Development mission to the EU this summer.

We have worked hard over the last eight years at USDA ... and at USDA Rural Development ... to position American agriculture and rural America appropriately. I'm proud of the accomplishments we've facilitated.

- **Farm income, farm exports, and farm equity are at or near record highs.**
- **Renewable energy has emerged as the greatest new opportunity for wealth creation in rural America in our lifetimes – not without it's challenge.**
- **Broadband and distributed computing are redrawing the economic map and making rural communities competitive in ways few of us imagined even a few years ago – can't emphasize that enough.**

But change is still difficult. There are winners and losers. Some people are oriented toward the opportunity. Others see mainly the threat. That's understandable. But it means we have a choice.

The question is whether we want to grow the pie ... as opposed to seeing the pie as essentially static with the policy being to set out to redistribute it. I didn't come to give a political speech ... I don't speak for either Obama or Senator McCain ... but clearly both points of view are being expressed in this country today. We're going to make an important decision next week.

Just as clearly, we have seen the United States and the EU make systematically different choices on that same question over the last generation.

We face the same choice in agriculture. This is true in many other areas as well ... but it is certainly true in agriculture with regard, for example, to issues like GMO's and the debate over sustainability.

Americans tend instinctively to see the world in more dynamic terms. Europe throws up barriers to GMO's. Here, the Farm to Market Alliance projects corn yields rising to 300 bushels an acre by 2030. We see the opportunity. They react to the threat posed by growth to heavily subsidized, inflexible legacy systems.

This remains a critical issue for farm and rural policy. Do we see the world in static or dynamic terms? Are we playing offense or defense?

I believe we need to be playing offense. That's true with regard to production agriculture. We need to accelerate research and innovation to meet the world's growing demand for food and fuel. We need to do for wheat what we've done for corn. And we need to get advanced technologies into the hands of farmers, not just in the U.S., but around the world.

From a rural policy standpoint, we need to be playing offense off the farm as well, and that's where I would ask for your help. Not for me, because I'll be moving on soon, but for our successor.

We've worked hard over the last eight years to broaden policymakers' views of rural policy. We've also worked hard to reach out to new

partners, including producer groups, to support a more expansive vision of rural America.

The reasons should be obvious.

Once upon a time, you could say “rural” and mean “farm.” But today, 60 million people live in rural America, and 58 million of them don’t farm. More than 95% of rural income is earned off the farm.

Farm families are in the same boat. Farm families, as a group, earn over 85% of their income off the farm. As the Farm Bureau put it three years ago, “farmers are more dependent on rural communities than rural communities are dependent on farmers.”

Like any other one sentence summation, that doesn’t capture the entire reality, but there is a lot of truth to it. The health of agriculture in the United States ... or anywhere else ... isn’t measured solely in terms of yields, commodities prices, and export statistics.

The health of agriculture is measured also in the availability of good jobs in town ... because for the typical family farm today, that job in town too frequently generates the primary income, plus the health insurance.

It is measured, in part, by the quality of the local schools, in the availability of quality health care within a reasonable range, in community services of all kinds.

It is measured in communities that provide a future for those of our kids who don't inherit the family farm ... communities that your son or daughter will be eager to return to after college.

And here's the acid test ... can your son or daughter plausibly expect to talk that "significant other" they met while they were away at school into coming home with them, to build a life and a family. And when the time comes, are there enough kids in school to field a football team?

That is it in a nutshell. For generations, "rural" is what people tried to escape. We are left today with hollowed-out farm towns ... a graying

**rural population in which the walker-to-stroller ratio is backwards ...
and the systematic loss of the next generation.**

**That's not a healthy scenario for agriculture and rural communities,
either here or in Europe. But the good news is, we have an historic
opportunity to change it.**

**Many of you, I am sure, are involved with economic and community
development back home as individuals.**

**I would suggest that you have an opportunity to be involved with it as
an association as well, and to urge your members to be involved. The
Farm Bureau has established a formal rural development working
group. That's a model you might want to explore. This is about
opportunity. It's there if we are willing to take it. Thank you.**

