



## **Remarks by Rural Development Under Secretary Dallas Tonsager for Agri-Future**

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### **Greetings**

Good afternoon! It's a pleasure to be here in Wyoming with all of you to participate in this important conference which sets its sights on the future of the agriculture industry. I'm very optimistic about that future, and I have some good news to share with you today. But before I get to that, I want to share a little of my background with you.

(Who I am, how I got to where I am)

I feel fortunate to be at the helm of USDA Rural Development during this critical time for our country. Rural Development is an organization that truly builds rural communities from the ground up, providing affordable financing for rural housing, business development, community facilities, and telecommunications, water and electric utilities. We have a nationwide network of committed public servants who live and work in the communities that they serve, so we know the needs that exist and work hard to help communities help themselves in these difficult economic times.

### **Administration's Commitment to Rural America**

We at USDA Rural Development continue our mission to rebuild and revitalize rural America, and we are fortunate to have the full support of the Administration in our efforts. In June, the President created the first ever White House Rural Council – a Federal collaboration with the core objective of stimulating job creation and economic growth in rural America.



Rural Development has played a significant role in the past few years, creating and retaining high-quality jobs for rural Americans. Through our REAP program alone, or Rural Energy for America program, I'm proud to inform you that since 2003 Rural Development has assisted over 9,600 businesses to create or save a total of 15,000 jobs, with 2,300 of those jobs created just in 2010.

The renewed commitment of the Administration to support our job growth efforts only gives me increased confidence about the significant role Rural Development will play in the coming years.

As you all may have heard in the President's Jobs speech, the Obama Administration is committed to make continued investments in our country's critical infrastructure – from utility infrastructure to our nation's roads and highways to broadband networks.

Not only is this infrastructure key to our national security, but these investments create jobs and economic opportunities in rural America.

These infrastructure investments comprise part of the **American Jobs Act**, which the President unveiled last month as a significant step toward economic recovery. It's no secret that our economy is hurting – American families are feeling the pressure. If passed, the American Jobs Act would include tax cuts for small businesses, and it'd eliminate payroll taxes for firms that hire new workers or give their workers a raise. It would provide assistance to the long-term unemployed and put them on track by offering training opportunities.

And as I mentioned, the American Jobs Act would provide for badly needed upgrades to our Nation's transportation and utility networks, which would give immediate work to underemployed construction workers across the country.



The President called on Congress to work together to pass this bill, and I hope they do so. It would be a significant step forward for our country and for rural America. And when the rural economic engine is running smoothly, the whole nation benefits. I'm not sure folks in non-rural areas realize that, but it's the truth.

### **Importance of Rural America**

The work being done in rural America touches everyone in this country as well as billions of people around the world. The diversity, affordability and safety of the food they enjoy is a result of the hard work and sacrifice of folks who live in rural communities.

American farmers and ranchers are the most productive in the world, and they give us the enormous selection that we have in our grocery stores. Their hard work allows us, as consumers, to pay less for our food as a percentage of our paycheck than anyone else in the world. We spend about six to seven percent of our paycheck for groceries. If you were in any other developed nation, you'd probably spend 20 to 25 percent. If you were in a developing country, you'd probably spend close to 50 percent.

And 85 percent of the surface renewable drinking water source that we take for granted in this country is also impacted and affected by what takes place in rural America. Every time someone takes a drink of water from the faucet – they may not realize the amount of work that farmers and ranchers and forest owners do to preserve and conserve our water and the steps they take to make sure that it's clean.

Every time you pull up to a gas station and take a 10 percent or 15 percent or 85 percent ethanol and put it in your car, think about the number of barrels of foreign oil we're no longer importing because of farmers and ranchers in America who've committed themselves to making us more energy secure.



It's about national security. If we're not purchasing oil from countries that don't like us, then we're not instilling that resource in their economy. We're creating wealth in ours. It's about making sure we create jobs.

### **Ag Exports & Farm Income**

1 out of every 12 jobs is a result of our agriculture industry, and rural America is home to the only trade surplus that we enjoy in our economy. The current US Export forecast for 2011 is \$137 billion -- \$22 billion higher than the previous record set in 2008. Exports for 2012 are expected to remain strong and to support over one million American jobs. These strong exports enabled a trade surplus that is projected to be at a record \$42.5 billion this year. USDA will continue to maintain this level of productivity to build a rural economy that continues to grow and out-compete the rest of the world.

Those trade numbers are one of the reasons why we're seeing farm income up. Despite the state of our economy, U.S. farm exports and farm incomes are at a record high. Recently, the Farm Income report showed that net farm incomes are at their highest levels since the early 1970s. This is a great success story for our American farmers, ranchers and producers, and it's a testament to their hard work and innovation. In addition, products that are "Grown in America" remain in high demand around the world.

Related to that great success story is the story of our Nation's agricultural cooperatives. While our country strives to reduce high levels of unemployment, co-ops play an important role by providing good jobs for tens of thousands of people in the farm sector alone. According to USDA's just-released economic survey of farmer cooperatives for 2010, Ag co-ops had their second best year on record for sales at \$170 billion. Because co-ops are locally or regionally owned by their members, a larger percent of these dollars "stay local," circulating in the rural counties and towns where their members live and work.



They're a key component in our country's economic recovery, so I urge you to thank your local co-ops for their contributions and wish them a Happy Cooperative Month. After this lunch, I will be touring a co-operative right here in Laramie, and I plan to do just that.

The bottom line is that rural America plays an important role in the lives of everyone in this country, whether they know it or not. We should thank our farmers, ranchers and producers for their service and their commitment to building rural America, and we need to start grooming the next generation of rural leaders.

Just last week, I saw the University of Wyoming was selected to receive a \$670,000 grant through USDA's National Institute of Food and Agriculture. That funding will be used to create four ranch management courses to provide training and assistance to beginning farmers and ranchers. That's what this conference is all about. We need to train our future generation of farmers, ranchers, and producers, and I'm glad that UW will be equipped to do so.

I'm heartened to see young people here today. At USDA, we're working to revitalize rural communities, so that young people can stay in the rural areas where they grew up rather than looking for jobs and opportunities elsewhere. Because there **are** opportunities in rural areas – we just need to engage in a concerted effort to cultivate those opportunities.

### **A Biofuels Future**

First of all, we see a tremendous opportunity in continuing to expand the notion of biofuels and bioenergy in rural America. Congress has mandated that we produce 36 billion gallons of biofuel. Those biofuels are going to be produced from a variety of feedstocks from all parts of the country.



When the 36 billion gallons threshold is reached, we'll have a million new jobs in rural America; a million good paying, middle class, middle income jobs in rural America. We'll see \$100 billion of additional investment in biorefineries; \$100 billion of construction opportunities. And then those facilities obviously will have to be maintained and improved.

And the reason why we'll build that many biorefineries is the feedstocks to create this new energy future for our country, because of the size and bulk; it's not one biorefinery treating the feedstocks from a number of states. These biorefineries will have to dot the rural landscape because of the bulk and size. So that's a very important component of our revitalized rural economy.

At the same time, we're continuing to invest in building those biorefineries and providing resources to the producers of the feedstocks; also encouraging farmers and ranchers through our REAP Program to take a look at their own operations, how they may be able to partnership with electric cooperatives to embrace renewable energy and create new markets and new demand.

As we embrace this new future, we'll significantly reduce our reliance on foreign oil. We'll import 350 million barrels fewer of foreign oil, so we won't have to worry about the turmoil in the Middle East driving up gas prices. We'll be able to keep the wealth in the United States creating jobs for our people, improving incomes for our farmers and ranchers and growers.

Recently, the Department of Energy released the [2011 U.S. Billion-Ton Update](#) – detailing U.S. biomass feedstock potential nationwide. The study examines the nation's capacity to produce a billion tons of biomass resources annually for energy uses without impacting other vital U.S. farm and forest products, such as food, feed, and fiber crops. It speaks to the Food vs Fuel debate and suggests that we could, in fact, produce a billion tons of biomass for energy, without impacting our food, feed and fiber crops.



Furthermore, on President Obama's rural tour, he announced that the Departments of Agriculture, Energy and Navy will invest up to \$510 million during the next 3 years to partner with the private sector to produce advanced biofuels to power military and commercial transportation. By building a national biofuels industry, we're creating construction jobs, refinery jobs and rural economic opportunity.

### **Rural Broadband Expansion**

Another important component of rural revitalization is rural broadband expansion. You all know and appreciate the importance of broadband, because you deal with farmers and ranchers who need real-time information.

Broadband access gives that real time information and an opportunity to be very transparent and honest with the producers.

Well it's not just farmers and ranchers who benefit from broadband. It's also small business owners who now have the opportunity to expand dramatically their market. They don't just have to sell to folks in the local area or even a regional area. They can access national and global markets and can create new jobs and new wealth in rural America.

### **Access to Capital**

Another component of rural revitalization is access to capital - an area where rural America has faced some significant challenges as compared to our urban counterparts.

I think we can all agree that the potential exists for great wealth-creation in rural America. But this potential is rarely captured and brought to fruition. The long-term vision of our Capital Markets project will be a critical component in capturing wealth in rural America.



While many forces have converged to create these new opportunities – such as technology, the global market, the new energy economy, and local and regional demands - one critical component needs to be considered: wealth creation depends on the long-term capital financing needed to build the infrastructure that would support new or expanded rural ventures.

Right here in Wyoming, USDA Rural Development provided support to the Wyoming Women’s Business Center through our Rural Microentrepreneur Assistance Program, or RMAP. The Center received \$200,000 for a revolving loan fund and a technical assistance grant for \$50,000. This funding will enable the Center to invest in the people of Wyoming and help them expand their businesses and provide access to training opportunities.

In a similar vein, Rural Development also provided a revolving loan fund and a technical assistance grant to the Wind River Economic Development Fund, a nonprofit that provides financial opportunities to stimulate economic development on the Wind River Indian Reservation. These investments enhance the quality of life while growing economic opportunities for small rural businesses.

### **Opportunities for the Next Generation**

So if we can build this new, expanded rural economy, we can keep people in rural America. And, by keeping people in rural America, we can be assured that folks in Congress will have an understanding and appreciation for the struggles of those in rural America.

We can provide a much better opportunity for the young people who know they’d like to be able to raise their families in the small towns that they grew up in and where there is a sense of cooperation and a sense of working together in cooperation. That’s what small towns are all about.



We need to make sure that we provide enough economic opportunity for young people to be able to make those choices that they want to make, and I'm confident that we can create that kind of opportunity.

So building this strong future involves making sure that folks understand and appreciate the importance of rural America. Why is it so important for the rest of the country to appreciate rural America?

Well, if the source of your food isn't enough; the water that you drink isn't enough; the location of most of the forested areas that help clean your air isn't enough; the opportunity to expand renewable energy and allow our economy to grow isn't enough; if the jobs that are created from agriculture isn't enough; if the fact that agriculture has a trade surplus and not any other aspect of our economy isn't enough, well how about this?

How about the fact that rural America represents 16 percent of our nation's population but 44 percent of the people who serve us in the military are from those small towns and those farms and ranches?

How about the fact that those young men and women who are over in Iraq and Afghanistan and putting their lives on the line, a substantial percentage of them are from rural America? In every war we have ever fought in this country, beginning with the first one, the Revolutionary War, it was farmers and ranchers and the sons and daughters of farmers and ranchers who defended this country and made this country what it is.

We need to speak with a single common voice to the entire country so that they understand and appreciate that it's more than cities. It is rural America that makes this country unique. It is rural America that makes this country so special, and we need to preserve it, defend it, fight for it, invest in it, and make it grow for the next generation.



We must take action to ensure that the next generation of rural leaders is identified. If we don't, we put the health and prosperity of rural communities at risk.

If you are a student here or someone looking for work in the agriculture industry, we're glad you're here! Rural America is counting on you to take the reins, and be the next farmer, rancher, producer or even Rural Development Under Secretary! Working in the agriculture industry is an honorable and important career path. I encourage you to talk with some of the folks participating in this conference – they've got a lifetime of experience to share with you.

Thanks again for inviting me to be here. Have a great conference!