**Remarks by USDA Secretary Tom Vilsack at 2012 Farm Journal Forum as Capstone Keynote Speaker**

**Thursday, December 6, 2012 - Washington, D.C.**

Moderated by Andy Webber, CEO of Farm Journal Media

**SECRETARY VILSACK**: Andy, it could have been worse. You could have told me you were a Ravens fan.

[Laughter.]

**SECRETARY VILSACK**: But after last weekend, that's nothing. It was good. It was the way it was supposed to be. God intended that game.

Well, I appreciate the opportunity to be with you this afternoon, and I know that you have been hearing a lot from a lot of speakers. And much of what I say may very well duplicate and replicate what you have already heard, but it's perhaps worth visiting about.

To sort of talk about where we're headed, you sort of have to know where we've been. Andy's introduction touched on a few of the "where we've been." Just today, we had the Senate pass Russia normal trade relations, which is a great opportunity for agriculture. It's a victory for all who are interested in free trade and unfettered trade, and it will give us the opportunity and capacity to significantly expand trade opportunities in Russia and to do it in a way in which we can compel Russians to play by an appropriate set of rules and not to make decisions on agricultural products in an ad hoc way. So we're excited about that opportunity, as we were about the passage of the three Free Trade Agreements, as we are about the conversations that are taking place with the Trans-Pacific Partnership. Seventy-five percent of our agricultural trade is coming from that Asia-Pacific Rim area, and so the Trans-Pacific Partnership has extraordinary potential if it is formulated properly and correctly.

We are keeping an eye on discussions about an EU free trade arrangement, because there are obviously some issues relative to agriculture and biotechnology that would have to be worked out before we could be totally convinced that an EU Free Trade Agreement is in fact going to be free trade, but the bottom line is exports have expanded. It's been the best 4 years of agricultural exports in the history of the country, and we are projecting a record year next year, so we obviously want to continue that.

We've also expanded markets here at home with an expansion of local and regional food systems, which is now a multi-billion-dollar operation and an important aspect of creating entrepreneurship in rural areas. We have seen a 60 percent increase in farmers markets, and we are going to continue to promote a focus on those markets as well, because it does provide for smaller operators and entrepreneurial operators an opportunity to get in this farming business, and we want to encourage more and more young people to be engaged in farming.

With due respect to those who are suggesting that the renewable fuel standard is history, I'm here to say it's not. I believe that we will continue to see a robust commitment from this administration to the renewable fuel standard, and the reason being, that we are interested in reducing our reliance on foreign oil. We are interested in creating opportunities in rural communities across the United States, and I think the biofuel industry is one industry that is introducing us into a new economy in the rural areas, and I will talk about that in just a few minutes.

We have seen an increase in biofuel production in this country overall. We have seen an increase in renewable energy. In fact, we have doubled the production capacity for renewable energy in just the last 3 years, and as exciting as all that is, we are seeing an increase of innovative and creative ways to use plant material, crop residue, and livestock waste to produce a whole range of products in the economy. And I think it holds the promise of a brand-new rural economy, creating new opportunities for farmers as well as job opportunities in small towns.

And we're proud of the role that we have played in terms of expansion of conservation opportunities with a record number of acres enrolled in one conservation program or another, and it's linked and tied to outdoor recreation. Thirty-eight percent of Americans are engaged in one or more outdoor recreational activities. They spend hundreds of billions of dollars annually on those important hobbies, and we are trying to encourage more of that resource to be spent in rural areas.

So that's all the good news, and that's all led to, over the course of the last couple of years, good, solid farm income and, in some cases, record farm income. So what are the concerns? What are the things that we ought to be focused on?

Well, the obvious one is the drought. It is an issue that still is with us today. We have had four regional hearings throughout the United States to get a better understanding of the impact, the long-term impacts of drought. As you probably know, the USDA took very rapid action to try to respond to the limited tools that we had to provide flexibility for our livestock operators, to provide some opportunity to avoid having to pay interest on crop ins premiums because times were rough, a variety of activities in terms of making disaster loans more affordable and more available. The disaster declaration process was streamlined. All of that was fine, but we wanted to understand the longer term implications of drought.

We are dealing with one right now, a concern that we have about the navigation along the Mississippi River. This was a discussion at the most recent Cabinet meeting. The President has directed his team to do everything he possibly can to make sure that we continue navigation. We are expediting the rock formation, the blowing up of the rock formation that could potentially interfere with barge traffic. We are going to continue to look for ways in which traffic will continue to flow, because we understand it's dollars and cents, and it can make a significant difference in terms of bottom line.

But it does point out the need for a continued investment in the infrastructure of the United States. The President is absolutely right about this. Prior folks have talked about this. We have an infrastructure deficit that needs to be addressed. It's our locks and dams systems. It's our ports. It's our highways. It's our rail systems. It's our airports. It's also an opportunity to create new jobs in all parts of the country, and hopefully, as we deal with the challenge of this fiscal circumstance we find ourselves in, we don't shortchange our commitment to the long term. And that requires an investment in infrastructure.

Water infrastructure is one thing that has been raised during the course of these discussions and these regional meetings on drought. People are concerned about the capacity to store it. People are concerned about the ability of irrigation opportunities in the future, and we are going to be looking at ways in which we can work within USDA and other Federal agencies to make sure that we are as flexible as possible, that we provide resources and direct resources to the extent we can to ensure that there are adequate water resources now and in the future.

Credit availability is also an issue. There are folks who are obviously strapped because of difficult yields or because they have had to liquidate livestock operations more quickly than anticipated. We intend to continue to focus on the credit needs as we have seen in the last several years. As commercial operations have been a bit more reluctant to provide credit, USDA has stepped forward, and we now have a record number of farm loans, both operating and ownership loans. We are going to continue to focus on making sure that the credit is available to America's farmers and ranchers.

People have suggested the need for us to continue to expand research, and clearly, that is a topic, again, that requires us, notwithstanding the fiscal challenges, to look for ways in which we can create more opportunities to put resources into research. And there are a whole series of issues involving research, not the least of which is the research that might assist us in encouraging more double-cropping throughout the United States and determining what crops will work best for soil preservation, for water quality preservation, for giving farmers the capacity and the amount of time to be able to successfully plant more than one crop. In the issue of double-cropping, we are also looking at the barriers that exist in our crop insurance program. During this year, because of the drought, we sort of made it a little bit more flexible on crop insurance to encourage double cropping, so that we have potential forage opportunities in the spring. We are going to continue to seize this opportunity, this difficult challenging opportunity to see if there are ways in which we can use our ground and our land more effectively and more efficiently.

Folks during the drought hearings have also suggested we need to do a better job of forecasting weather patterns which we will focus on through NOAA, streamlining regulations, and also making sure that there is indeed some disaster assistance. That, of course, requires Congress to act on the Food, Farm, and Jobs Bill. That obviously is another concern, the lack of certainty about the future of that bill. We facilitated a meeting the other day with the four leaders who had not really been talking a great deal, brought them down to the office and suggested the time was now; that if there was going to be a resolution of the fiscal cliff issues between the House, the Senate, and the President, that that would provide a vehicle for the passage of a Food, Farm, and Jobs Bill; that in order for that to happen, they could not be in a situation where they would ask folks to wait while they crafted and drafted whatever compromises they could reach; that they needed to be doing that work now, so that when and if there is a resolution of the fiscal cliff, the farm legislation could be attached to it without delay.

Discussions, as I'm sure Chairman Lucas and Chairwoman Stabenow have indicated to you, are ongoing. I am hopeful that we ultimately will get to a point where folks will see the common ground. I think there was a good deal of flexibility that was discussed during our meeting last week, and I think they have built on that meeting during the course of this week. There's still difficult issues that have to be resolved, but I think with the time and the effort of leaderships, the leaders in the House and the Senate, we can get this done.

We continue to provide, and will provide, technical assistance and be able to respond to questions that folks have about ideas that they have and will continue to provide that assistance.

We are not going to write a Farm Bill in the Obama administration, and with due respect to Tom Dorr and others who are here from the previous administration, we tried that, and it didn't work very well. We had vetoes and a lot of delay, and so our thought was we would not write a Farm Bill. We would help actually pass a Farm Bill, and so we are going to get the technical assistance that folks need. We are going to

provide a direction, as requested, and we are going to facilitate conversation and encourage resolution. I think that will end up, hopefully, before the end of the year with a product that we can be proud of.

So those are the obvious challenges, the drought, lack of a Farm Bill, but there are some serious additional challenges that you may or may not have talked about today that I want to put on the table. One of them is this issue of climate change. We have suffered some serious, intense weather conditions in many parts of the country. Whether it's the intense storms that the eastern coast has sustained the last couple of years, the sustained drought that we have seen in the Great Plains area, and the extraordinary wildfires that we have experienced in the western part of the United States, there is no question while there may be a debate in some folks' mind about the cause, there is no question that the climate is indeed changing, which necessitates USDA and all in agriculture and those concerned about Rural America to focus on additional research and ways in which we can adapt and mitigate and develop strategies that in the long term will allow us to continue to have the greatest agriculture in the world, the most efficient and most productive agriculture in the world, and to be able to fulfill our own needs here in the United States and continue this robust commitment to exports.

So we are going to continue to make a concerted effort, as we have the last several years, in developing the kind of research that will allow us to respond, to understand climate change, to understand its impact long term over the course of decades as opposed to years, and be able to provide agriculture across the United States with the information that producers will need to be more adaptive to mitigate the consequences and to be more efficient in the use of their land.

I mentioned double-cropping, and that's something that we will continue to focus on. We recognize that in addition to the information barriers and perhaps a lack of research in this area, there is also the issue of market opportunities, if you are going to double-crop, is there a market for whatever it is you are growing in that second crop, and if not, what can we do to create that market opportunity. That gets me back to the renewable fuel and the biobased economy, because I think there are opportunities there that we need to connect, we need to recognize, and we need to incent.

The second concern that I have is about the declining opportunity in Rural America generally. Now, we've talked the last couple of years about the extraordinary agricultural economy, but unfortunately, it has not necessarily translated to improved rural economy. Our poverty rate in Rural America is at 17 percent, significantly higher than it is in metro areas. In 1,160 counties in Rural America, over 50 percent of the counties in non-metro areas have lost population in the last 4 years, and I suspect if we look from Census to Census, that has been the case for a considerable period of time. So poverty and population loss present some unique challenges for Rural America.

That's why it's going to be important that we not only focus on production agriculture and its capacity to provide help and assistance, but that we complement that production agricultural potential with a new rural development approach in which we continue to focus on expanding broadband access; to ensure that those who set up a business, who establish an opportunity in rural areas, have the capacity and the power to be able to reach not just a local market, not just a regional market, but a global market. We made steps in the first couple of years of this administration. We continue to invest in broadband expansion, but we obviously need more of that to take place.

We also need to convince smaller communities that they are not alone and that they can't do it alone, that they have to look at themselves as part of an overall region, and they need to begin addressing economic development opportunities from a regional perspective as opposed to a community-by-community perspective. So that's the reason why we've invested in programs like Great Regions where we're encouraging people to strategically think and vision where they are in a particular region, what their natural resources opportunities are and how they can maximize those opportunities, and how they can create a regional economy. We have investments in nearly 50 regions across the country to try to encourage folks to think more regionally.

Then we need to firmly implant the four cornerstones of a new pathway to prosperity in rural areas, which we have begun. Starting with production agriculture and its export capacity, we need obviously to continue to expand exports. We need to continue to promote local and regional food systems. It is, as I said earlier, a multi-billion-dollar opportunities which is continuing to grow and provides opportunities for very small producers, which will help repopulate some of these rural communities. We need to invest significantly in conservation and link it more closely to outdoor recreation and bring those tourism opportunities back into the rural areas. If people are spending hundreds of billions of dollars, we need to capture those resources, and we need to turn them around in the economy more frequently. And then we need to absolutely seize the opportunity that the biobased economy creates, the ability to literally take everything we grow, every aspect of every crop, every waste product that's produced and turn it into an asset, into a commodity, into an ingredient.

I have seen in the last couple of years some phenomenal opportunities being created: the Ford Motor Company Innovation Center basically taking plant material to produce the bodies of cars that will be lighter and stronger than fiberglass, which will allow us to meet these new fuel efficient standards and create new opportunities for what in the past had been considered waste product. I've seen folks take hog waste and turn it into asphalt and use it on roads in Ohio. I've seen the corncob, molecules from a corncob reformulated into a plastic bottle that Coca-Cola will need 10 billion of annually to fulfill its global need for product that's sold, water produce and soft drink products. This is an amazing new future where virtually everything we need in an economy can be biology-based, plant-based, crop-based, and livestock-based; enormous new opportunities to build refineries that are not large, as we see in the oil industry, but are small because of this bulk of the biomass basically dotting the landscape, creating economic opportunity, creating new markets, as well as job opportunities, the kinds of things that can excite young people to want to stay and live and raise their families. So we need to cement that new economy in Rural America, and we need to sell it to our young people if we're going to reverse the population and poverty challenges that Rural America faces. And frankly, I think we need to recognize that unless we respond and react, the capacity of Rural America and its power and its reach will continue to decline.

Now, we've had this discussion about the Farm Bill. Why is it that we don't have a Farm Bill? It isn't just the differences of policy. It's the fact that the Rural America with a shrinking population is becoming less and less relevant to the politics of this country, and we had better recognize that, and we better begin to reverse it.

That means a couple of things. It means, first of all, a new attitude in Rural America, not just trying to preserve what we've got – and there's a lot of that thought process, "I'm just going to hang onto what I have" – replacing that preservation mindset with a growth mindset. Where are the opportunities?

Now, I can't tell you how frustrating it's been to hear the conversation that we've had for the last couple of years about regulations, regulations that either didn't exist, weren't going to exist, or that were taken care of. I read a survey recently where people were still talking about the dust rule. Not going to happen, never going to happen. People are still concerned about the child labor issue. Not going to happen, never going to happen. We dealt with this, but yet we continue to talk about it. Why? Because they're fearful. We're fearful. We're not looking at this extraordinary future ahead of us. We're trying to hang onto what we got.

We need a proactive message, not a reactive message. How are you going to encourage young people to want to be involved in Rural America or farming if you don't have a proactive message? Because you're competing against the world now and opportunities everywhere. When I was growing up a kid in Pittsburgh, you know, maybe I'd end up in Iowa, but it never occurred to me that I could end up in one of the foreign countries in all of the continents of the world, never even occurred to me. Young people today have all of these opportunities, and we expect them and want them to live and work and raise their families and keep the farm or start a business in Rural America, but we have a reactive message; we don't have a proactive message?

We have to be strategic about the fights that we pick, because the fights we often pick are misinterpreted in some corners. Sixteen percent of America's population lives in Rural America. That means, in essence, 16 percent of the elected Representatives represent Rural America; 84 percent don't.

So for example – and I know I'm going to get heck for this – the egg producers decide they want to sit down and walk to the enemy, the Humane Society. They're tired of having to fight referendum after referendum. They don't want 50 sets of rules. They want one set of rule. They want one rule, and they want to make peace. They get castigated by folks in agriculture, "You're going to destroy the system." Actually not. We're going to grow it, because we're not going to be fighting 50 different battles every 2 years. We are going to grow our industry. We're going to be proactive. We're going to fight a good fight, a strategic fight, one that's worth fighting.

Now, the last message is that Rural America has got to embrace diversity. It's not just the Republican Party. It's the folks who live in Rural America, because young people today, they see the world differently. They see it in various shades, and we have got to have a message that understands and appreciates diversity.

Ten years ago, how many people in this country lived in Rural America? It was more than 16 percent. Twenty years ago, how many? Thirty years ago? Forty years ago? Fifty years ago? A hundred years ago? A hundred and fifty years ago when this Department was formed? Ninety percent of the people in this country were connected in some way to Rural America. Today it's 16 percent, and it keeps on getting older, and it keeps no reducing.

So it's time for us to have an adult conversation with folks in Rural America. It is a great place. It is contributing more than just about any other place I can think of in this country. The food supply, 88 percent of the water is impacted and affected by what happens in Rural America; the places we go to for solitude, most of them located in rural parts of the country. The ability to deal with climate change, most of that is going to occur in rural areas. Our energy supply, almost all the feedstock, I don't care whether it's coal, natural gas, whether it's oil, whether it's renewable energy, the source of that is in Rural America. And of course, the notion that a disproportionate number of young people serve in the military coming from Rural

America, and the value system of this country rooted in Rural America. It's not a place that can be ignored and shouldn't be ignored. It's a place that should be at the highest level of priority in this capital, but yet we can't get a Farm Bill done. Folks, it's time for a different thought process here in my view, and the makings of this great economy, this exciting, innovative, creative economy that will attract people from all over the world and that will do extraordinarily new things that will put America back in the business of making and creating again is rooted in Rural America. So for me, the Farm Bill is more than the safety net. As important as that is, we got to have that, but it's also the tools to be able to continue to promote conservation and the tools to be able to promote the biobased economy and the tools to be able to expand local markets and the tools to be able to promote the best and greatest agriculture in the world through exports. That's why I'm excited about the future, but I do think we have to have a truthful conversation and one where we don't get criticized for saying things that might be a little bit controversial, but one where we think, "Well, maybe that guy has got a point." We have to have that kind of conversation.

So I thought I'd take today to start it.

[Laughter.]

**SECRETARY VILSACK**: And for those of you who will be at different venues for the next several months, you will hear this speech in one form or another until it finally percolates down and starts to penetrate.

I did this before, and I'll finish this this. I did this before. The first speech I gave when I was Secretary, I talked into the cotton producers, and I told them that direct payments were gone. Oh, my God! I caught hell there and at the office. What do you think the future of direct payments are? Gone. So I was right the first time.

[Laughter.]

**SECRETARY VILSACK**: I want you to think about this, a proactive message, fighting strategic fights, not fighting agriculture, one kind of agriculture against another. We've got something to market here. We've got something to be proactive about. Let's spend our time and our resources and our energy doing that, and I think if we do, we're going to have a lot of young people want to be part of that future, help shape that future, and that is going to reverse those population declines, and that is going to help reverse and reduce poverty. And it's still going to have the greatest agriculture in the world.

So, with that, I'll be glad to answer questions.

[Applause.]

**MODERATOR**: We have time for two to three questions for the Secretary, so here is your opportunity, folks.

**QUESTIONER**: Mr. Secretary, could you say a word about SNAP's outlook, its philosophy, its demographics?

**SECRETARY VILSACK**: Now, there's a good example of a battle that we're having that is not strategic, in my view. The SNAP program, who gets it? Ninety-two percent of the people receiving SNAP are one of four people. They're either a senior citizen who played by the rules and just living on a very, very small fixed income, they're a person with a disability, they're a child, or they're someone who is in the workforce working, but because of the number of hours they work or the wages they get paid, they just can't make ends meet by the end of the month. They are people that are playing by the rules that we care about, but we stigmatize those folks.

Who benefits from SNAP? Well, obviously the families getting it, but so does that grocer, because that grocer gets to sell more. If the grocer sells more, he's got to have people shelve more, which means the guy who's shelving gets to keep his job. The person who is shelving more has to have more to shelve, so the guy who trucks the stuff to the grocery store gets to keep his job. The guy who is trucking needs to have more to truck, which means more has to be packaged and processed. So the people who package and process, they get to keep their jobs, and then, of course, that means that we have more stable markets, so it helps to stabilize, and it's part of a safety net never thought about that way by farmers. They're always looking at it as a competitor for their money.

Here's the thing. Now, Tom Dorr, you tell me if I'm wrong about this. If somehow magically, Congress decided to cut SNAP in half, would all that money go into the production of agriculture or commodity title of the Farm Bill?

**MR. DORR**: Mr. Secretary, that's why you're Secretary.

[Laughter.]

**SECRETARY VILSACK**: That was a really good non-answer.

Of course, it wouldn't. So what we do when we pick that fight is all of the people who care about senior citizens, people with disabilities, children, and working families all of a sudden go, "Hmm, those rural folks are against us."

Now, can there be reforms to the system? Absolutely. Can we continue to do a better job of integrity in the system, even though we are at record lows in terms of fraud and error rate? Absolutely. Until we have no evidence of fraud and no errors, we will always be able to do better.

So there's obviously some way in which that program can be improved, and we should constantly be focused on improvement. But we shouldn't stigmatize, and we shouldn't make it the enemy, because when we do, we marginalize Rural America and make it that much harder to get a deal on the programs that directly impact folks in Rural America. Why should anybody in the city care about the commodity title? They don't understand that it's directly related to their food supply and the affordability of their food, because we're not proactively messaging that. We're fighting this battle about whether SNAP should be this amount or that amount. So that's a good example, in my view.

We're going to see reforms. We're going to see continuous improvement in that program, and eventually, there's going to be something worked out, because at the end of the day, the system is about give and take, and unfortunately in this town, there's been took little give and not much take. I hope that's going to change.

Tom.

**MR. DORR:** Mr. Secretary, lest I sound too flippant, I do personally want to commend you for what has been a consistent approach to developing a proactive message built on creating the opportunities for Rural America, and I encourage you to continue it long and hard. It's well overdue.

**SECRETARY VILSACK:** Thanks, Tom. I appreciate it. You know because you had to deal with the same issues.

In the back.

**QUESTIONER (Chandler Keys):** Mr. Secretary, Chandler Keys in my name, and I represent JBS.

I just want to say it's encouraging. The trade issue it huge, though. We haven't reformed how we do agriculture trade in the structural aspect since 1978. In 1978, we were exporting bulk commodities, nonperishables, worried about tariffs. Today, we export highly valuable, perishable agricultural products that are only growing, and it takes – just today we know we're having trouble with the Russians. On the cusp of getting them a WTO, they're starting to look at our production practices and our technologies and stopping trade. What are we going to do – and to your point, at the big meat companies today, you should see the excitement of the young people that are coming out of the universities working for companies like JBS, excited about traveling the world to sell U.S. meat and poultry. They're excited about it. How can we continue to excite that and keep that going, and what can we do to restructure agricultural trade policy inside the United States to made that a positive future?

**SECRETARY VILSACK:** Well, I'm not quite sure what –

**QUESTIONER (Chandler Keys):** Well, for example, we got a problem with exporting beef. We either have to work at SFIS or APHIS or AMS. They're all under different Under Secretaries, and then we have an Under Secretary that works for Foreign Agriculture Service, great position, great agency, no regulatory power to work out the issues with the Japanese.

**SECRETARY VILSACK:** Well, I think in that respect – that's why I was going to ask you a clarification question, because I wasn't sure whether you were talking about the way in which we approach trade or the structure of the various departments. Obviously, as you know – and I think your question is directed at this – there is an effort within the farm legislation that's being considered to upgrade, if you will, the Foreign Ag Service Deputy and make that an Under Secretary position, which would allow that part of our mission to have equity and to be sort of on a level playing field, which I think would probably enhance the trade efforts.

I think, secondly, there was a little concern about the discussion that took place about one single trade entity government-wide, because agriculture is really simple. I explained this to the President, and he understood what I was saying. In many countries, as you know, agriculture is the industry, right? The industry. In our country, because of the vibrancy of our economy, there are many the industries. There is software, there is technology, there is automobiles, there is manufacturing, a lot of industries, right? So if you are negotiating with somebody where agriculture is the number-one industry and you are negotiating from a standpoint where agriculture is one of a number of key industries, the concern, of course, is that at some point in time, agricultural interest could be compromised in order to satisfy our trading partner in order to get something else on that list.

So our view is that we want to make sure that we continue to focus and have a specific advocate in the room, if you will, for agriculture, but we could elevate the status of that person, number one.

Number two, we want to continue to figure out ways in which we can be strategic about the time and effort that we spent on trade. Not every country is equal in trade opportunities. There's some that can move more quickly, some that can move less quickly, some where we have to develop relationships, and so we have developed a strategic framework within USDA to try to address and use our time as efficiently and effectively as possible.

Now, to me, what happened today with Russia is a good thing, because as you know with ractomine and a series of other issues with Russia, they just all of a sudden pop up, and you have no idea what causes a disruption of trade. It is never science-based; it's not rules-based. Now at least we have the capacity to take them into an

international forum and compel them to play by rules. That's, I think, really important.

You're right it's not so much tariffs as it is SPS issues, and we have to continue to be focused and have really good people in that space. We knock down about 1,500 SPS barriers every year. We need to continue to do that.

So maybe the first step is elevating the importance of it, and then within the USDA figuring out ways in which if there are barriers or problems or time constraints, that we work through them. Now, there is a difference, obviously, between trade and food safety in one sense. In another sense, they're companions, because if you don't have safe food, you're not going to be trading much of it. So there has to be some deference given to doing what we have to do to make sure the food is safe, and that if we're getting food from other countries that it's safe. We don't want to expose – and I don't think you are suggesting this – that we expose our people to unsafe food. emarks by USDA Secretary Tom Vilsack at 2012 Farm Journal Forum as Capstone Keynote Speaker

Thursday, December 6, 2012 - Washington, D.C.

Moderated by Andy Webber, CEO of Farm Journal Media

SECRETARY VILSACK: Andy, it could have been worse. You could have told me you were a Ravens fan.

[Laughter.]

SECRETARY VILSACK: But after last weekend, that's nothing. It was good. It was the way it was supposed to be. God intended that game.

Well, I appreciate the opportunity to be with you this afternoon, and I know that you have been hearing a lot from a lot of speakers. And much of what I say may very well duplicate and replicate what you have already heard, but it's perhaps worth visiting about.

To sort of talk about where we're headed, you sort of have to know where we've been. Andy's introduction touched on a few of the "where we've been." Just today, we had the Senate pass Russia normal trade relations, which is a great opportunity for agriculture. It's a victory for all who are interested in free trade and unfettered

trade, and it will give us the opportunity and capacity to significantly expand trade opportunities in Russia and to do it in a way in which we can compel Russians to play by an appropriate set of rules and not to make decisions on agricultural products in an ad hoc way. So we're excited about that opportunity, as we were about the passage of the three Free Trade Agreements, as we are about the conversations that are taking place with the Trans-Pacific Partnership. Seventy-five percent of our agricultural trade is coming from that Asia-Pacific Rim area, and so the Trans-Pacific Partnership has extraordinary potential if it is formulated properly and correctly.

We are keeping an eye on discussions about an EU free trade arrangement, because there are obviously some issues relative to agriculture and biotechnology that would have to be worked out before we could be totally convinced that an EU Free Trade Agreement is in fact going to be free trade, but the bottom line is exports have expanded. It's been the best 4 years of agricultural exports in the history of the country, and we are projecting a record year next year, so we obviously want to continue that.

We've also expanded markets here at home with an expansion of local and regional food systems, which is now a multi-billion-dollar operation and an important aspect of creating entrepreneurship in rural areas. We have seen a 60 percent increase in farmers markets, and we are going to continue to promote a focus on those markets as well, because it does provide for smaller operators and entrepreneurial operators an opportunity to get in this farming business, and we want to encourage more and more young people to be engaged in farming.

With due respect to those who are suggesting that the renewable fuel standard is history, I'm here to say it's not. I believe that we will continue to see a robust commitment from this administration to the renewable fuel standard, and the reason being, that we are interested in reducing our reliance on foreign oil. We are interested in creating opportunities in rural communities across the United States, and I think the biofuel industry is one industry that is introducing us into a new economy in the rural areas, and I will talk about that in just a few minutes.

We have seen an increase in biofuel production in this country overall. We have seen an increase in renewable energy. In fact, we have doubled the production capacity for renewable energy in just the last 3 years, and as exciting as all that is, we are seeing an increase of innovative and creative ways to use plant material, crop residue, and livestock waste to produce a whole range of products in the economy. And I think it holds the promise of a brand-new rural economy, creating new opportunities for farmers as well as job opportunities in small towns.

And we're proud of the role that we have played in terms of expansion of conservation opportunities with a record number of acres enrolled in one conservation program or another, and it's linked and tied to outdoor recreation. Thirty-eight percent of Americans are engaged in one or more outdoor recreational activities. They spend hundreds of billions of dollars annually on those important hobbies, and we are trying to encourage more of that resource to be spent in rural areas.

So that's all the good news, and that's all led to, over the course of the last couple of years, good, solid farm income and, in some cases, record farm income. So what are the concerns? What are the things that we ought to be focused on?

Well, the obvious one is the drought. It is an issue that still is with us today. We have had four regional hearings throughout the United States to get a better understanding of the impact, the long-term impacts of drought. As you probably know, the USDA took very rapid action to try to respond to the limited tools that we had to provide flexibility for our livestock operators, to provide some opportunity to avoid having to pay interest on crop ins premiums because times were rough, a variety of activities in terms of making disaster loans more affordable and more available. The disaster declaration process was streamlined. All of that was fine, but we wanted to understand the longer term implications of drought.

We are dealing with one right now, a concern that we have about the navigation along the Mississippi River. This was a discussion at the most recent Cabinet meeting. The President has directed his team to do everything he possibly can to make sure that we continue navigation. We are expediting the rock formation, the blowing up of the rock formation that could potentially interfere with barge traffic. We are going to continue to look for ways in which traffic will continue to flow, because we understand it's dollars and cents, and it can make a significant difference in terms of bottom line.

But it does point out the need for a continued investment in the infrastructure of the United States. The President is absolutely right about this. Prior folks have talked about this. We have an infrastructure deficit that needs to be addressed. It's our locks and dams systems. It's our ports. It's our highways. It's our rail systems. It's our airports. It's also an opportunity to create new jobs in all parts of the country, and hopefully, as we deal with the challenge of this fiscal circumstance we find ourselves in, we don't shortchange our commitment to the long term. And that requires an investment in infrastructure.

Water infrastructure is one thing that has been raised during the course of these discussions and these regional meetings on drought. People are concerned about the capacity to store it. People are concerned about the ability of irrigation opportunities in the future, and we are going to be looking at ways in which we can work within USDA and other Federal agencies to make sure that we are as flexible as possible, that we provide resources and direct resources to the extent we can to ensure that there are adequate water resources now and in the future.

Credit availability is also an issue. There are folks who are obviously strapped because of difficult yields or because they have had to liquidate livestock operations more quickly than anticipated. We intend to continue to focus on the credit needs as we have seen in the last several years. As commercial operations have been a bit more reluctant to provide credit, USDA has stepped forward, and we now have a record number of farm loans, both operating and ownership loans. We are going to continue to focus on making sure that the credit is available to America's farmers and ranchers.

People have suggested the need for us to continue to expand research, and clearly, that is a topic, again, that requires us, notwithstanding the fiscal challenges, to look for ways in which we can create more opportunities to put resources into research. And there are a whole series of issues involving research, not the least of which is the research that might assist us in encouraging more double-cropping throughout the United States and determining what crops will work best for soil preservation, for water quality preservation, for giving farmers the capacity and the amount of time to be able to successfully plant more than one crop. In the issue of double-cropping, we are also looking at the barriers that exist in our crop insurance program. During this year, because of the drought, we sort of made it a little bit more flexible on crop insurance to encourage double cropping, so that we have potential forage opportunities in the spring. We are going to continue to seize this opportunity, this difficult challenging opportunity to see if there are ways in which we can use our ground and our land more effectively and more efficiently.

Folks during the drought hearings have also suggested we need to do a better job of forecasting weather patterns which we will focus on through NOAA, streamlining regulations, and also making sure that there is indeed some disaster assistance. That, of course, requires Congress to act on the Food, Farm, and Jobs Bill. That obviously is another concern, the lack of certainty about the future of that bill. We facilitated a meeting the other day with the four leaders who had not really been talking a great deal, brought them down to the office and suggested the time was now; that if there was going to be a resolution of the fiscal cliff issues between the House, the Senate, and the President, that that would provide a vehicle for the passage of a Food, Farm, and Jobs Bill; that in order for that to happen, they could not be in a situation where they would ask folks to wait while they crafted and drafted whatever compromises they could reach; that they needed to be doing that work now, so that when and if there is a resolution of the fiscal cliff, the farm legislation could be attached to it without delay.

Discussions, as I'm sure Chairman Lucas and Chairwoman Stabenow have indicated to you, are ongoing. I am hopeful that we ultimately will get to a point where folks will see the common ground. I think there was a good deal of flexibility that was discussed during our meeting last week, and I think they have built on that meeting during the course of this week. There's still difficult issues that have to be resolved, but I think with the time and the effort of leaderships, the leaders in the House and the Senate, we can get this done.

We continue to provide, and will provide, technical assistance and be able to respond to questions that folks have about ideas that they have and will continue to provide that assistance.

We are not going to write a Farm Bill in the Obama administration, and with due respect to Tom Dorr and others who are here from the previous administration, we tried that, and it didn't work very well. We had vetoes and a lot of delay, and so our thought was we would not write a Farm Bill. We would help actually pass a Farm Bill, and so we are going to get the technical assistance that folks need. We are going to provide a direction, as requested, and we are going to facilitate conversation and encourage resolution. I think that will end up, hopefully, before the end of the year with a product that we can be proud of.

So those are the obvious challenges, the drought, lack of a Farm Bill, but there are some serious additional challenges that you may or may not have talked about today that I want to put on the table. One of them is this issue of climate change. We have suffered some serious, intense weather conditions in many parts of the country. Whether it's the intense storms that the eastern coast has sustained the last couple of years, the sustained drought that we have seen in the Great Plains area, and the extraordinary wildfires that we have experienced in the western part of the United States, there is no question while there may be a debate in some folks' mind about the cause, there is no question that the climate is indeed changing, which necessitates USDA and all in agriculture and those concerned about Rural America to focus on additional research and ways in which we can adapt and mitigate and develop strategies that in the long term will allow us to continue to have the greatest agriculture in the world, the most efficient and most productive agriculture in the world, and to be able to fulfill our own needs here in the United States and continue this robust commitment to exports.

So we are going to continue to make a concerted effort, as we have the last several years, in developing the kind of research that will allow us to respond, to understand climate change, to understand its impact long term over the course of decades as opposed to years, and be able to provide agriculture across the United States with

the information that producers will need to be more adaptive to mitigate the consequences and to be more efficient in the use of their land.

I mentioned double-cropping, and that's something that we will continue to focus on. We recognize that in addition to the information barriers and perhaps a lack of research in this area, there is also the issue of market opportunities, if you are going to double-crop, is there a market for whatever it is you are growing in that second crop, and if not, what can we do to create that market opportunity. That gets me back to the renewable fuel and the biobased economy, because I think there are opportunities there that we need to connect, we need to recognize, and we need to incent.

The second concern that I have is about the declining opportunity in Rural America generally. Now, we've talked the last couple of years about the extraordinary agricultural economy, but unfortunately, it has not necessarily translated to improved rural economy. Our poverty rate in Rural America is at 17 percent, significantly higher than it is in metro areas. In 1,160 counties in Rural America, over 50 percent of the counties in non-metro areas have lost population in the last 4 years, and I suspect if we look from Census to Census, that has been the case for a considerable period of time. So poverty and population loss present some unique challenges for Rural America.

That's why it's going to be important that we not only focus on production agriculture and its capacity to provide help and assistance, but that we complement that production agricultural potential with a new rural development approach in which we continue to focus on expanding broadband access; to ensure that those who set up a business, who establish an opportunity in rural areas, have the capacity and the power to be able to reach not just a local market, not just a regional market, but a global market. We made steps in the first couple of years of this administration. We continue to invest in broadband expansion, but we obviously need more of that to take place.

We also need to convince smaller communities that they are not alone and that they can't do it alone, that they have to look at themselves as part of an overall region, and they need to begin addressing economic development opportunities from a regional perspective as opposed to a community-by-community perspective. So that's the reason why we've invested in programs like Great Regions where we're encouraging people to strategically think and vision where they are in a particular region, what their natural resources opportunities are and how they can maximize those opportunities, and how they can create a regional economy. We have investments in nearly 50 regions across the country to try to encourage folks to think more regionally.

Then we need to firmly implant the four cornerstones of a new pathway to prosperity in rural areas, which we have begun. Starting with production agriculture and its export capacity, we need obviously to continue to expand exports. We need to continue to promote local and regional food systems. It is, as I said earlier, a multi-billion-dollar opportunities which is continuing to grow and provides opportunities for very small producers, which will help repopulate some of these rural communities. We need to invest significantly in conservation and link it more closely to outdoor recreation and bring those tourism opportunities back into the rural areas. If people are spending hundreds of billions of dollars, we need to capture those resources, and we need to turn them around in the economy more frequently. And then we need to absolutely seize the opportunity that the biobased economy creates, the ability to literally take everything we grow, every aspect of every crop, every waste product that's produced and turn it into an asset, into a commodity, into an ingredient.

I have seen in the last couple of years some phenomenal opportunities being created: the Ford Motor Company Innovation Center basically taking plant material to produce the bodies of cars that will be lighter and stronger than fiberglass, which will allow us to meet these new fuel efficient standards and create new opportunities for what in the past had been considered waste product. I've seen folks take hog waste and turn it into asphalt and use it on roads in Ohio. I've seen the corncob, molecules from a corncob reformulated into a plastic bottle that Coca-Cola will need 10 billion of annually to fulfill its global need for product that's sold, water produce and soft drink products. This is an amazing new future where virtually everything we need in an economy can be biology-based, plant-based, crop-based, and livestock-based; enormous new opportunities to build refineries that are not large, as we see in the oil industry, but are small because of this bulk of the biomass basically dotting the landscape, creating economic opportunity, creating new markets, as well as job opportunities, the kinds of things that can excite young people to want to stay and live and raise their families. So we need to cement that new economy in Rural America, and we need to sell it to our young people if we're going to reverse the population and poverty challenges that Rural America faces. And frankly, I think we need to recognize that unless we respond and react, the capacity of Rural America and its power and its reach will continue to decline.

Now, we've had this discussion about the Farm Bill. Why is it that we don't have a Farm Bill? It isn't just the differences of policy. It's the fact that the Rural America with a shrinking population is becoming less and less relevant to the politics of this country, and we had better recognize that, and we better begin to reverse it.

That means a couple of things. It means, first of all, a new attitude in Rural America, not just trying to preserve what we've got – and there's a lot of that thought process, "I'm just going to hang onto what I have" – replacing that preservation mindset with a growth mindset. Where are the opportunities?

Now, I can't tell you how frustrating it's been to hear the conversation that we've had for the last couple of years about regulations, regulations that either didn't exist, weren't going to exist, or that were taken care of. I read a survey recently where people were still talking about the dust rule. Not going to happen, never going to happen. People are still concerned about the child labor issue. Not going to happen, never going to happen. We dealt with this, but yet we continue to talk about it. Why? Because they're fearful. We're fearful. We're not looking at this extraordinary future ahead of us. We're trying to hang onto what we got.

We need a proactive message, not a reactive message. How are you going to encourage young people to want to be involved in Rural America or farming if you don't have a proactive message? Because you're competing against the world now and opportunities everywhere. When I was growing up a kid in Pittsburgh, you know, maybe I'd end up in Iowa, but it never occurred to me that I could end up in one of the foreign countries in all of the continents of the world, never even occurred to me. Young people today have all of these opportunities, and we expect them and want them to live and work and raise their families and keep the farm or start a business in Rural America, but we have a reactive message; we don't have a proactive message?

We have to be strategic about the fights that we pick, because the fights we often pick are misinterpreted in some corners. Sixteen percent of America's population lives in Rural America. That means, in essence, 16 percent of the elected Representatives represent Rural America; 84 percent don't.

So for example – and I know I'm going to get heck for this – the egg producers decide they want to sit down and walk to the enemy, the Humane Society. They're tired of having to fight referendum after referendum. They don't want 50 sets of rules. They want one set of rule. They want one rule, and they want to make peace. They get castigated by folks in agriculture, "You're going to destroy the system." Actually not. We're going to grow it, because we're not going to be fighting 50 different battles every 2 years. We are going to grow our industry. We're going to be proactive. We're going to fight a good fight, a strategic fight, one that's worth fighting.

Now, the last message is that Rural America has got to embrace diversity. It's not just the Republican Party. It's the folks who live in Rural America, because young people today, they see the world differently. They see it in various shades, and we have got to have a message that understands and appreciates diversity.

Ten years ago, how many people in this country lived in Rural America? It was more than 16 percent. Twenty years ago, how many? Thirty years ago? Forty years ago? Fifty years ago? A hundred years ago? A hundred and fifty years ago when this Department was formed? Ninety percent of the people in this country were connected in some way to Rural America. Today it's 16 percent, and it keeps on getting older, and it keeps no reducing.

So it's time for us to have an adult conversation with folks in Rural America. It is a great place. It is contributing more than just about any other place I can think of in this country. The food supply, 88 percent of the water is impacted and affected by what happens in Rural America; the places we go to for solitude, most of them located in rural parts of the country. The ability to deal with climate change, most of that is going to occur in rural areas. Our energy supply, almost all the feedstock, I don't care whether it's coal, natural gas, whether it's oil, whether it's renewable energy, the source of that is in Rural America. And of course, the notion that a disproportionate number of young people serve in the military coming from Rural America, and the value system of this country rooted in Rural America. It's not a place that can be ignored and shouldn't be ignored. It's a place that should be at the highest level of priority in this capital, but yet we can't get a Farm Bill done. Folks, it's time for a different thought process here in my view, and the makings of this great economy, this exciting, innovative, creative economy that will attract people from all over the world and that will do extraordinarily new things that will put America back in the business of making and creating again is rooted in Rural America. So for me, the Farm Bill is more than the safety net. As important as that is, we got to have that, but it's also the tools to be able to continue to promote conservation and the tools to be able to promote the biobased economy and the tools to be able to expand local markets and the tools to be able to promote the best and greatest agriculture in the world through exports. That's why I'm excited about the future, but I do think we have to have a truthful conversation and one where we don't get criticized for saying things that might be a little bit controversial, but one where we think, "Well, maybe that guy has got a point." We have to have that kind of conversation.

So I thought I'd take today to start it.

[Laughter.]

SECRETARY VILSACK: And for those of you who will be at different venues for the next several months, you will hear this speech in one form or another until it finally percolates down and starts to penetrate.

I did this before, and I'll finish this this. I did this before. The first speech I gave when I was Secretary, I talked into the cotton producers, and I told them that direct payments were gone. Oh, my God! I caught hell there and at the office. What do you think the future of direct payments are? Gone. So I was right the first time.

[Laughter.]

SECRETARY VILSACK: I want you to think about this, a proactive message, fighting strategic fights, not fighting agriculture, one kind of agriculture against another. We've got something to market here. We've got something to be proactive about. Let's spend our time and our resources and our energy doing that, and I think if we do, we're going to have a lot of young people want to be part of that future, help shape that future, and that is going to reverse those population declines, and that is going to help reverse and reduce poverty. And it's still going to have the greatest agriculture in the world.

So, with that, I'll be glad to answer questions.

[Applause.]

MODERATOR: We have time for two to three questions for the Secretary, so here is your opportunity, folks.

QUESTIONER: Mr. Secretary, could you say a word about SNAP's outlook, its philosophy, its demographics?

SECRETARY VILSACK: Now, there's a good example of a battle that we're having that is not strategic, in my view. The SNAP program, who gets it? Ninety-two percent of the people receiving SNAP are one of four people. They're either a senior citizen who played by the rules and just living on a very, very small fixed income, they're a person with a disability, they're a child, or they're someone who is in the workforce working, but because of the number of hours they work or the wages they get paid, they just can't make ends meet by the end of the month. They are people that are playing by the rules that we care about, but we stigmatize those folks.

Who benefits from SNAP? Well, obviously the families getting it, but so does that grocer, because that grocer gets to sell more. If the grocer sells more, he's got to have people shelve more, which means the guy who's shelving gets to keep his job. The person who is shelving more has to have more to shelve, so the guy who trucks the stuff to the grocery store gets to keep his job. The guy who is trucking needs to have more to truck, which means more has to be packaged and processed. So the people who package and process, they get to keep their jobs, and then, of course, that means that we have more stable markets, so it helps to stabilize, and it's part of a safety net never thought about that way by farmers. They're always looking at it as a competitor for their money.

Here's the thing. Now, Tom Dorr, you tell me if I'm wrong about this. If somehow magically, Congress decided to cut SNAP in half, would all that money go into the production of agriculture or commodity title of the Farm Bill?

MR. DORR: Mr. Secretary, that's why you're Secretary.

[Laughter.]

SECRETARY VILSACK: That was a really good non-answer.

Of course, it wouldn't. So what we do when we pick that fight is all of the people who care about senior citizens, people with disabilities, children, and working families all of a sudden go, "Hmm, those rural folks are against us."

Now, can there be reforms to the system? Absolutely. Can we continue to do a better job of integrity in the system, even though we are at record lows in terms of fraud and error rate? Absolutely. Until we have no evidence of fraud and no errors, we will always be able to do better.

So there's obviously some way in which that program can be improved, and we should constantly be focused on improvement. But we shouldn't stigmatize, and we shouldn't make it the enemy, because when we do, we marginalize Rural America and make it that much harder to get a deal on the programs that directly impact folks in Rural America. Why should anybody in the city care about the commodity title? They don't understand that it's directly related to their food supply and the affordability of their food, because we're not proactively messaging that. We're

fighting this battle about whether SNAP should be this amount or that amount. So that's a good example, in my view.

We're going to see reforms. We're going to see continuous improvement in that program, and eventually, there's going to be something worked out, because at the end of the day, the system is about give and take, and unfortunately in this town, there's been took little give and not much take. I hope that's going to change.

Tom.

MR. DORR: Mr. Secretary, lest I sound too flippant, I do personally want to commend you for what has been a consistent approach to developing a proactive message built on creating the opportunities for Rural America, and I encourage you to continue it long and hard. It's well overdue.

SECRETARY VILSACK: Thanks, Tom. I appreciate it. You know because you had to deal with the same issues.

In the back.

QUESTIONER (Chandler Keys): Mr. Secretary, Chandler Keys in my name, and I represent JBS.

I just want to say it's encouraging. The trade issue it huge, though. We haven't reformed how we do agriculture trade in the structural aspect since 1978. In 1978, we were exporting bulk commodities, nonperishables, worried about tariffs. Today, we export highly valuable, perishable agricultural products that are only growing, and it takes – just today we know we're having trouble with the Russians. On the cusp of getting them a WTO, they're starting to look at our production practices and our technologies and stopping trade. What are we going to do – and to your point, at the big meat companies today, you should see the excitement of the young people that are coming out of the universities working for companies like JBS, excited about traveling the world to sell U.S. meat and poultry. They're excited about it. How can we continue to excite that and keep that going, and what can we do to restructure agricultural trade policy inside the United States to made that a positive future?

SECRETARY VILSACK: Well, I'm not quite sure what –

QUESTIONER (Chandler Keys): Well, for example, we got a problem with exporting beef. We either have to work at SFIS or APHIS or AMS. They're all under different Under Secretaries, and then we have an Under Secretary that works for Foreign Agriculture Service, great position, great agency, no regulatory power to work out the issues with the Japanese.

SECRETARY VILSACK: Well, I think in that respect – that's why I was going to ask you a clarification question, because I wasn't sure whether you were talking about the way in which we approach trade or the structure of the various departments. Obviously, as you know – and I think your question is directed at this – there is an effort within the farm legislation that's being considered to upgrade, if you will, the Foreign Ag Service Deputy and make that an Under Secretary position, which would allow that part of our mission to have equity and to be sort of on a level playing field, which I think would probably enhance the trade efforts.

I think, secondly, there was a little concern about the discussion that took place about one single trade entity government-wide, because agriculture is really simple. I explained this to the President, and he understood what I was saying. In many countries, as you know, agriculture is the industry, right? The industry. In our country, because of the vibrancy of our economy, there are many the industries. There is software, there is technology, there is automobiles, there is manufacturing, a lot of industries, right? So if you are negotiating with somebody where agriculture is the number-one industry and you are negotiating from a standpoint where agriculture is one of a number of key industries, the concern, of course, is that at some point in time, agricultural interest could be compromised in order to satisfy our trading partner in order to get something else on that list.

So our view is that we want to make sure that we continue to focus and have a specific advocate in the room, if you will, for agriculture, but we could elevate the status of that person, number one.

Number two, we want to continue to figure out ways in which we can be strategic about the time and effort that we spent on trade. Not every country is equal in trade opportunities. There's some that can move more quickly, some that can move less quickly, some where we have to develop relationships, and so we have developed a strategic framework within USDA to try to address and use our time as efficiently and effectively as possible.

Now, to me, what happened today with Russia is a good thing, because as you know with ractomine and a series of other issues with Russia, they just all of a sudden pop up, and you have no idea what causes a disruption of trade. It is never science-based; it's not rules-based. Now at least we have the capacity to take them into an international forum and compel them to play by rules. That's, I think, really important.

You're right it's not so much tariffs as it is SPS issues, and we have to continue to be focused and have really good people in that space. We knock down about 1,500 SPS barriers every year. We need to continue to do that.

So maybe the first step is elevating the importance of it, and then within the USDA figuring out ways in which if there are barriers or problems or time constraints, that we work through them. Now, there is a difference, obviously, between trade and food safety in one sense. In another sense, they're companions, because if you don't have safe food, you're not going to be trading much of it. So there has to be some deference given to doing what we have to do to make sure the food is safe, and that if we're getting food from other countries that it's safe. We don't want to expose – and I don't think you are suggesting this – that we expose our people to unsafe food. Sometimes there is a slightly different mission, but there's no reason why the processes can't be improved, so that we do it as efficiently as possible. We're trying to break those barriers down.

I know I've got your time, but your question gives me a chance to talk about a broader issue here. We're dealing with difficult budgets, and you notice that I didn't come here and say protect my budget. I'm not going to do that because I'm realistic. We're going to have less money, but I don't necessarily think that equates to less service. So we've challenged the folks at USDA to go through an extraordinary process of looking at everything we do and coming up with ways in which we can save money and do things more quickly and more efficiently. In some cases, it involves closing offices. In some cases, it involves consolidating things. In some cases, it involves strategic sourcing of various things that we purchase. But already we've saved over $100 million. Our goal is to save another $250 million this year. You take that out over a 10-year period of time, you are talking about real money, and you are talking about the ability for me then to go to OMB and to Congress and say, "Don't cut our program money, and give us the time to adequately manage whatever budget reductions we have to do."

The worst thing that could happen to USDA and the services that you all care about is if sequester gets triggered, because that gives me no capacity to manage. It's 8.5 or 8.7 percent, whatever it is, across the board virtually every line item, can't transfer. The only way you are going to deal with it is by reductions in force, and that is extraordinarily cumbersome and disruptive.

So our ability to sort of be engaged in process improvement, as you've suggested, is allowing us potentially to encourage the appropriators and OMB to give us the time to manage, and I think in the long run, that's going to serve Rural America and the farm community better. And I'm just crossing my fingers that we're not faced with sequester, because I think that would be just extraordinarily difficult to manage.

MODERATOR: Who has the final question for the Secretary?

[No audible response.]

SECRETARY VILSACK: Great.

[Laughter.]

MODERATOR: Oh!

SECRETARY VILSACK: Said it too soon.

QUESTIONER (World Soy Foundation): Sorry. Nathan Ruby, World Soy Foundation.

In your position as Secretary of Ag, do you have any internal or inside information on whether Big Ben is going to play this week

SECRETARY VILSACK: Now, finally.

[Laughter.]

SECRETARY VILSACK: I am confident he's going to play. Take that to the bank.

QUESTIONER (World Soy Foundation): All right.

SECRETARY VILSACK: Thank you all very much.

MODERATOR: Thank you, Mr. Secretary.

[Applause.]Sometimes there is a slightly different mission, but there's no reason why the processes can't be improved, so that we do it as efficiently as possible. We're trying to break those barriers down.

I know I've got your time, but your question gives me a chance to talk about a broader issue here. We're dealing with difficult budgets, and you notice that I didn't come here and say protect my budget. I'm not going to do that because I'm realistic. We're going to have less money, but I don't necessarily think that equates to less service. So we've challenged the folks at USDA to go through an extraordinary process of looking at everything we do and coming up with ways in which we can save money and do things more quickly and more efficiently. In some cases, it involves closing offices. In some cases, it involves consolidating things. In some cases, it involves strategic sourcing of various things that we purchase. But already we've saved over $100 million. Our goal is to save another $250 million this year. You take that out over a 10-year period of time, you are talking about real money, and you are talking about the ability for me then to go to OMB and to Congress and say, "Don't cut our program money, and give us the time to adequately manage whatever budget reductions we have to do."

The worst thing that could happen to USDA and the services that you all care about is if sequester gets triggered, because that gives me no capacity to manage. It's 8.5 or 8.7 percent, whatever it is, across the board virtually every line item, can't transfer. The only way you are going to deal with it is by reductions in force, and that is extraordinarily cumbersome and disruptive.

So our ability to sort of be engaged in process improvement, as you've suggested, is allowing us potentially to encourage the appropriators and OMB to give us the time to manage, and I think in the long run, that's going to serve Rural America and the farm community better. And I'm just crossing my fingers that we're not faced with sequester, because I think that would be just extraordinarily difficult to manage.

**MODERATOR:** Who has the final question for the Secretary?

[No audible response.]

**SECRETARY VILSACK:** Great.

[Laughter.]

**MODERATOR:** Oh!

**SECRETARY VILSACK:** Said it too soon.

**QUESTIONER (World Soy Foundation):** Sorry. Nathan Ruby, World Soy Foundation.

In your position as Secretary of Ag, do you have any internal or inside information on whether Big Ben is going to play this week

**SECRETARY VILSACK:** Now, finally.

[Laughter.]

**SECRETARY VILSACK:** I am confident he's going to play. Take that to the bank.

**QUESTIONER (World Soy Foundation):** All right.

**SECRETARY VILSACK:** Thank you all very much.

**MODERATOR:** Thank you, Mr. Secretary.

[Applause.]