

Meeting the Challenges of the 21st Century
Remarks by
The Honorable Nancy C. Pellett
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at the
Women in Agriculture Conference
Wichita, Kansas
February 17, 2006

Thank you for the generous introduction and good morning to all of you.

I am so pleased to be here with you at the Women in Agriculture conference to talk about two issues that I believe are very important to everyone in agriculture. First, I want to discuss the common perceptions of agriculture compared to the realities and trends in agriculture. Second, what are the opportunities, responsibilities, and challenges specifically for women?

Let me begin by examining what I would suggest has been the traditional family farm. I am borrowing heavily from the Farm Credit System's recently released Horizon's Report for much of the statistical information, although the American Farm Bureau Federation and the National Corn Growers recently released reports with similar observations and statistics.

So, let me describe what farming and agriculture used to be and what some still hold as the image of farming. Traditionally a man has been the cornerstone of the family farm—his sole occupation and livelihood was farming. The spouse has traditionally been the mother, helper, and probably a bookkeeper. Family labor was utilized most of the time, with some seasonal hired workers and the family owned most of the land they worked. Equity capital was 100 percent family-funded, and any additional capital needed was borrowed.

Now, let me list the facts and realities of the current state of agriculture. There are probably less than 200,000 farms that resemble the classic model and this number is shrinking fast. On the other hand, almost 2 million farms do not fit this model and this number is growing. In many cases, the spouse is working off the farm and her income and health insurance is keeping the farming model viable while maintaining a comparable standard of living with non-farm families. In very recent times, average annual earnings for farm families have reached parity with non-farm families, largely because of non-farm income of either or both spouses working off-farm jobs.

Technology has changed the face of agriculture, including the scale of farm operations. Much of the physical and mental drudgery so common in the past has been removed and it is a safer occupation than it once was. Most farm families now enjoy lifestyles more similar to their suburban counterparts. Most of crop agriculture and even some types of livestock production involve short but intense production tasks during the year and for much of the year there is limited farm employment. In addition, we have seen the profit margins of many commodities shrink over the past decade to the point where off-farm income has become a necessity. As a result, many talented, productive people fill that gap by employing their talents off-farm or developing other business activities, sometimes related to the farm and sometimes not. Many times, you have either seen or

read about farm families that have become innovative in how they market their products directly to the consumer.

So, let me continue to contrast some of the past characteristics of agriculture with the present and the future.

Farms in the past provided many of their own inputs. Then, new technology came out of the Land Grant University system and entered the public domain. The family produced much of its own food and sold agricultural commodities to middlemen. Export influence was limited to a few commodities such as wheat, cotton, and tobacco. Farms were somewhat remote from news, information and other advantages of urban areas. Farms were also a distinct business model from the small business in town—agriculture in general was a very distinct economic sector from manufacturing and services.

But today, the realities are that farms purchase most of their inputs from outside agriculture through a very sophisticated distribution and marketing network. The cost and availability of these inputs is heavily determined by such forces as the world price of oil and the value of the dollar. Farmers are able to get news and information in real time from national media outlets with access to satellite television and the Internet. They are also seeking new and innovative markets for their products, such as the use of ethanol and biomass.

Most farmers operate as rational business people. The vast majority of farm families now have off-farm income—89 percent of the income going to farm families is from non-farm sources. Women are true partners in most operations, playing a dominant role in farm finances, marketing and input procurement. Farm management practices are comparable to the same size non-farm business—agriculture is no longer a distinct business model. Production agriculture can now be characterized as “high-tech” in terms of genetics, mechanization, micro-processor-based processes, complex systems and precision management. Globalization is as important to U.S. agriculture as it is for the entire economy, and as a result, farm business models continue to evolve and adapt.

You know all this—it is nothing new. But we seldom focus on these developments in agriculture until we come to a conference like this and think about agriculture from the 30,000 ft. level.

Now, it is human nature to conclude that past trends will continue in the same direction into the foreseeable future and the history of agriculture contains many of these trends. However, I would suggest that in a global, high-tech economy, some of these straight lines could quickly change course. Let me list some examples that have or could change production agriculture significantly.

1. Immigration policy in America is critical to the ongoing availability of labor to agriculture and will continue to be a hotly debated issue.
2. The global war on terrorism and how we deal with threats to the food supply has the potential to significantly affect ag production.
3. The rise of China, India and other Asian countries as economic powers.
4. Biotechnology and genetically altered organisms (GMOs).

5. Risks of animal and plant diseases such as BSE and bird flu, and soybean rust.
6. New offshore competitors in South America and elsewhere who are applying U.S. technology to low-cost land and other resources.
7. Changes in our nation's ag policy because of budget deficit issues.

Events or developments in these or other areas could change agriculture drastically and instantly.

My point to all this is that agriculture is usually thought of as a rather mature industry with limited opportunity and openness—meaning unless you inherit or marry into a farm, you cannot be in agriculture production. I would suggest that is just not reality. Farming, agriculture, and rural America are very dynamic. There is great change and great uncertainty; but that also means that there is opportunity. And it is in particular an opportunity for new players who are innovative and creative.

So what are the opportunities, challenges and responsibilities for us—the women of agriculture? It is different answer for each of us but let me make some observations.

I have talked about changes and trends but one characteristic of agriculture has changed very little. Ninety-three percent of U.S. agricultural production comes from family owned and operated farms. The scale of farms and products produced has changed dramatically, but only 7 percent of ag production is outside the family ownership model. That means that women are significant players in agriculture production.

Furthermore, there are many recipes for development in agriculture and rural areas, but in any list or recipe there are three ingredients that are primary in importance: Quality of life, access to broadband and communication, and entrepreneurial support. Now let us look at these three in more detail.

1. Quality of life: Health care, schools, entertainment, recreational and cultural amenities. Ladies, we are always involved in these issues in our homes and communities and we care deeply about them. And these are absolutely imperative if our very educated children are going to return to farming.
2. Communications and broadband: Instant information and communication is essential today to ensure we are abreast of developments in marketing, procurement, national and international politics, and technology and genetics, just to name a few. Again, in most families, women are key in accessing and sharing information. Let us face it, women are good at communication and appreciate and use tools such as the Internet extensively.
3. The third ingredient that is on all lists for viable communities and businesses is entrepreneurial support. Here again, women continue to play a key role. By entrepreneurial support, I mean access to business consulting, venture capital, business support services, financial services and networks to other entrepreneurs. Frequently, we are the ones in a farm business who appreciate and have to address these services and issues. We know how critical entrepreneurial support is and the impact it has on a business operation. In

addition, let us face reality—we do understand consumers because we are the consumer.

So, now that we have looked at all these changes in agriculture, particularly for women, what does it mean for each of you? Again, let me reflect on the past. When I got involved in agriculture organizations, we did store samplings of meat, cheese and other ag products and organized fundraising and membership promotions. Many of you can relate to this.

In retrospect, many agriculture organizations were focused on the current problems or challenges. Agriculture wasn't known for looking ahead, anticipating upcoming issues or planning strategically. Today, however, as evidenced by the Farm Credit System's Horizons project and other long-range planning efforts by ag groups and industries, agriculture is looking ahead and making strategic decisions like our industrial cousins have done for decades. I would contend that women in particular are very good at looking ahead and determining the "what ifs." Women bring a different and generally creative perspective to long-term planning and we have a responsibility to be in the board and committee rooms when the decisions are being made.

Let me give you just a couple of examples from my current position to illustrate how significant policy issues affect your family and agriculture as a whole. The Farm Credit Administration is the regulator of the Farm Credit System—several institutions of which are co-sponsoring this conference. We are the equivalent of the Comptroller of the Currency or the FDIC to the banks. We determine the rules and regulations that Farm Credit associations and banks operate within and ensure that they are safe and sound. Those regulations determine who can borrow from the Farm Credit System. For example, your son or daughter may wish to farm part-time or become involved in your farming operation while having a full-time job. However, they may not qualify for a loan for non-agricultural purposes from the System because their outside non-farm income is far greater than their farm income. We want young people to enter agriculture—an industry that fails to bring in the young, new, or diverse will soon lose its vigor and competitive edge. So, regulations that discourage or are a barrier to young people concern me and my colleagues on the FCA Board and we want to do all we can to correct them for current and future young and/or beginning farmers.

I feel women have a major opportunity and responsibility in the management of farm operations, but the answers are not the same for everyone. Some may be better at the details and some may be better at the 30,000 feet level.

So, to wrap this up, I think there are great opportunities in agriculture and rural America. The opportunities exist because there are such uncertainties and complex challenges in agriculture. That also means significant risks. I think we as women can further contribute by helping analyze, review and implement initiatives and creative approaches to both policy and management that reduce risk and increase income and improve the quality of life for not only our families but all of agriculture.

I have been deeply involved in agriculture and rural America my entire life and, just as many of you do, I care about seeing it continue to grow in a healthy manner. Your attendance at this conference means that I am preaching to the choir and that you care deeply about these issues too. So let me just encourage and challenge you to continue

to stay involved in all the arenas where you can make a difference as a woman and as a woman in agriculture.

Thank you again for inviting me to be here and I am happy to take any questions you may have.