

Interview (Part 1 of 2) of  
The Honorable **TOM VILSACK**,  
Secretary of the U.S. Department of Agriculture

Conducted by **ALAN BJERGA**, Bloomberg News,

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**MR. BJERGA:** [In progress] -- later this month, take a look at making the Obama administration's priorities for rural America and essentially how it works with the current budgetary climate and political climate as well.

I understand you'll be getting to go to the Iowa State Fair later this month. It allows me to go to the Iowa State Fair to see how it really does compare with Minnesota.

**SECRETARY VILSACK:** Oh, there's no comparison. (Laughs.)

Do you have the Krispy Kreme cheeseburger?

**MR. BJERGA:** Oh, my God. No. (Laughs.)

**SECRETARY VILSACK:** That's the delicacy this year.

**MR. BJERGA:** All right. On that note --

**SECRETARY VILSACK:** If you're a Dr. Seuss fan, you'll see Green Eggs and Ham in butter.

**MR. BJERGA:** Oh, really?

**SECRETARY VILSACK:** Next to the Butter Cow. (Laughs.)

**MR. BJERGA:** Next to the Butter Cow, yeah.

**SECRETARY VILSACK:** Have you been to the Iowa State Fair?

**MR. BJERGA:** I've never been to the Iowa State Fair.

**SECRETARY VILSACK:** Well, you know the Butter Cow, it's a full --

**MR. BJERGA:** I know about that.

**SECRETARY VILSACK:** It's a full -- you missed the Last Supper, which was really terrific in Butter Cow.

**MR. BJERGA:** Yeah. See, it's like the Minnesota, for instance, Princess Kay of the Milky Way, they do the Princess -- the Queen in butter, so I'm interested in how the Cow compares.

**SECRETARY VILSACK:** Oh, it's --

**MR. BJERGA:** Of course, if you're from Iowa, you could say that the Minnesota Queen probably bears a resemblance.

**SECRETARY VILSACK:** Well, I'm not going to go there. (Laughs.)

**MR. BJERGA:** So what I wanted to -- just first question here, what led you to the conclusion that we needed a different direction for USDA policies in rural America? What hasn't worked, what will work, and why?

**SECRETARY VILSACK:** Alan, I think if you look at the statistics, if you look at the data, here's what you see, a picture of a rural America where the poverty rate is high. Ninety percent of persistent poverty counties in the country are located in rural America -- 90 percent -- unemployment rates often historically higher than in urban and in suburban areas, an aging population not just in our farm and ranch families but in all rural families, a loss of population, in the last Census in 56 percent of rural counties in the country. This census, I'm sure will confirm that number. My guess is it will be even greater.

So, when you see the per capita income difference between rural residents and urban and suburban residents, you see the poverty levels, you see the population decline, the aging population, you have to ask yourself is there a better way, can we do things differently that will reverse any or all of those trends.

I know from my experience in Iowa the power of creating a new economy in rural America based on the strengths of rural America, one of which is the capacity to produce feedstock for fuels, the capacity to use natural resources for energy production which are not relying on fossil fuels or as relying on fossil fuels as we are today.

I know that we can do a better job of maximizing our conservation resources and tying them into outdoor recreation, which we know is a multi-billion, hundreds of billions of dollars of opportunity.

And I also know that there's this emerging notion that we can incent people to do the right thing with their land, whether it's water, whether it's shade, whether it's carbon sequestration, and create new market opportunities that did not and have not existed.

So, when you tie all of that and the fact that there is this spirit of entrepreneurship that has always been present in rural America but is now being reignited by those who want to connect local production with local consumption, small operations looking for opportunities to become bigger operations, the seeds are in place to plan essentially a new economy.

**MR. BJERGA:** But, ultimately, does the world economy still rise and fall with the farm economy? Is it still in the person who's, you know, the seed seller, the person who are in small towns, reliant on the farmer?

**SECRETARY VILSACK:** I'd say it's a partnership. I'd say clearly there is still a continued need for robust agriculture and of all sizes, but given the fact that so many farm families require off-farm income, if you're going to really reverse the trends for rural America, you also have to have a companion set of prosperity opportunities for small business, and that's why broadband, the expansion of broadband, becomes important and part of the element, the framework.

And then when you look at the President's overall view of the United States in which we move away from an overreliance on consumption towards innovation and investment and savings, you see this aligns very nicely with what the rural parts of the country can contribute.

**MR. BJERGA:** So, in that sense, it fits in an overall context of a mission for America, and this is rural America's part?

**SECRETARY VILSACK:** Right. The President was at Ford Motor Company today. He's been at the automobile companies. He's basically saying, "We're not going to give up on manufacturing." Well, to a certain extent, the production of biofuels is manufacturing, so the capacity to harness the wind or the sun or water in rural communities and turn it into electricity requires fairly significant pieces of equipment that have to be made somewhere.

And, again, from my experience in Iowa, I know that if you really make a commitment to renewable energy, those solar panels, those windmills will be constructed in the United States. They will be manufactured in the United States.

**MR. BJERGA:** So you look at an emphasis towards job creation, and we could call it "rural manufacturing." You look at the next farm bill or even the annual budget for USDA programs, there's just not going to be more money. How do you --

**SECRETARY VILSACK:** There doesn't have to be more money.

**MR. BJERGA:** Well, how do you maintain the farm program safety net while pursuing these priorities?

**SECRETARY VILSACK:** Well, I think you ask yourself whether or not, and I think Chairman Peterson is asking the question, is there a different way to use the same amount of

resource in a more effective way, and I think he, we, us will sort of look at that over the course of the next couple of years to try to make a determination.

I think the safety net clearly is important, and part of the safety net candidly is expanded markets. That's why exports become -- continue to be important. That's why creating local markets is important.

Part of that safety net is a good job that a spouse and/or a farmer could have off the farm that allows them to supplement farm income, so it is all connected.

It's not as easy as it once was where if the farmers were doing well, then everybody else would do well, because at the time that was the case, there were a lot more farmers --

**MR. BJERGA:** Right.

**SECRETARY VILSACK:** -- as a proportion of rural population. Today that's not the case. There are fewer farmers, so, therefore, you've got to complement. You've got to have an economy that complements it, that sort of covers the agricultural component.

**MR. BJERGA:** If you create those jobs and create that stronger rural America, then does that become a justification in a way to say, you know, direct payments don't have to be what they were, we can lower loan rates, we can cut back --

**SECRETARY VILSACK:** No, no. Because I think you still need to recognize the inherent risk associated with farming. This is not about trying to figure out ways in which we provide less of a safety net or reduce risk management tools. This is really about revitalizing the rural economy, so that mothers and fathers have an opportunity to say to their sons and daughters, "You can stay on the farm. You can stay in town. You can stay in the rural areas of the country. You don't necessarily have to go someplace else to have a good quality of life."

**MR. BJERGA:** So how do you get 100,000 new farmers?

**SECRETARY VILSACK:** Well, I think, first of all, a lot of it is what we just talked about, but it's also actually aggressively recruiting. It's embracing and challenging local communities and local leaders in those communities to understand the necessity of making the case to their young people to stay in their community or to stay in their region.

You know, we don't do a particularly good job in rural America, I don't think, of aggressively recruiting our young people. We just somehow take it for granted that they understand the benefits of life in rural America and because, they've grown up, their first inclination will be to stay in rural America, but the reality is the rest of the country aggressively recruits them, whether it's with better-paying jobs, whether it's with the lure of exciting cities or whether it's better weather. Whatever it might be, there's an aggressive effort by other parts of the country to encourage young people to seek new opportunities elsewhere, and we don't want

to discourage that, but we want to be able to compete with it.

And part of it is having local communities identify young people who have an interest, have an aptitude, express a desire to want to be in farming, to be farmers, and to make it so that they're encouraged to do that, instead of discouraged. And that may mean taking a look at the Beginning Farmer program and seeing whether or not it needs to be more robust, needs to be different, needs to be redirected. It may be taking a look at our credit programs. It may be looking at innovative ways for young people who aren't necessarily raised in a farm family to have sweat equity built up, equity enough so that a commercial bank gets enough confidence in them to loan them the money to buy acreage, to buy the equipment for an opportunity. It may be creating local markets, so that the person who starts off with a small orchard or a small gardening effort can, indeed, over time expand with communities that support agriculture, directly connected to the local school, purchasing their fruits or vegetables, whatever it might be.

It's a combination of all those things, it seems to me and much more. Putting the challenge out there was a way of, hopefully, getting people's attention to the fact that our farm population is aging, and we have got to get serious about what are we going to do.

**MR. BJERGA:** What will those farmers look like? I mean, what kind of farms will they have?

**SECRETARY VILSACK:** Well, they would be -- it would be across the board. I can foresee a circumstance where you have a college-educated young person who basically has a choice of going into the city and being an insurance executive or going back on the family farm and operating a 500-acre operation of livestock, or it could be a young person who grows up in a small town, who takes a small acreage that their grandparents still have, and converts it into an organic farm and connects that organic produce and fruits and vegetables into community-supported agriculture, ultimately leading to furnishing it to restaurants in the region, to colleges, to universities, to schools and so forth.

It could be a circumstance where a young person, a high school student begins working on a farm. Some kind of program allows that farmer to continue that young person to work. The young person builds up some sort of sweat equity. The farmer gets a tax break in terms of selling the property or providing the property or giving the property to the young person. They take that small acreage. They start to farm it. They save. They scrimp. They scrape by and eventually go to the commercial bank and say I want to buy the 80 acres, I want to buy that thousand acres or whatever it might be.

I mean, it's a combination of all those things, but right now not enough of that is happening, so your average age of farmers is 57, continuing to age rapidly. You've got an increase in farmers of 75, a decrease in farmers under 25, and we've got to get serious about this because you can't just end up with a country where you've got two or three people farming.

**MR. BJERGA:** Part of the farm safety net that's held over the last 20 or 30 years is crop

insurance. Of course, last month, there was some crop insurance professionals who were not thrilled about the settlement that was negotiated with USDA. I talked to some of them. One thing that people were concerned about was that crop insurance money, part of the \$6 billion in savings, was directly earmarked for the deficit reduction, and the fear is that's already cut back for the baseline of the next farm bill before it actually happens and could be the prelude for further cuts. Is that it, or could there possibly be further cuts to the baseline?

**SECRETARY VILSACK:** Well, we're in the process of putting a budget together right now, and we've been challenged by President Obama to reduce our discretionary spending by 5 percent, which we are in the process of trying to figure out how to do.

My view is that the U.S. Department of Agriculture stepped up in a very aggressive way and up front, made a concerted and consistent and, I think, a significant and substantial effort at deficit reduction with the crop insurance proposal, and I think, you know, my view is my hope would be that every other department in government, every other line item on the budget would take that kind of significant, substantial action in their own back yard, and if they do, I think we'll see substantial reduction of deficit.

The reality is all of us ought to get serious about deficit reduction. Why especially those in rural communities and especially those in the farming community? Because if you don't get a hold of the deficit, interest rates are going to go up. That will absolutely affect the bottom line of farmers and ranchers in a negative way, and you risk inflation over time. And with inflation comes inflated land values, and I went through the '80s representing farmers who lost their farms because they overextended themselves in an inflationary time, so I do not want to see that come back.

**MR. BJERGA:** As Governor of Iowa and all of the States that surround you, let's go on the Red/Blue map, Iowa pretty purple, maybe a little more shade of blue. If you go over to Nebraska, Kansas, you get to the Dakotas, it's pretty red America. And you're traveling across the country and you're traveling in these particular areas, and there's sort of a natural skepticism with that political orientation for a Democratic administration, toward President Obama and his initiatives. So how is this playing in rural America, and what sort of questions do you get from some of the skeptical farmers?

**SECRETARY VILSACK:** Well, I think, initially, when we launched the Know Your Farmer, Know Your Food Initiative, I think there was a good deal of understandable skepticism because people didn't quite understand what it was about, and they didn't understand that production agriculture could and should and ought to be part of that.

I think we have gone a long way to beginning to address those skeptics and especially when we talk about mobile slaughter units and the type of thing that could potentially be helpful. I think the concentration and the consolidation hearings that we've had with the Attorney General's office, which have been extraordinarily well attended and a lot of interest on the part of producers of all sizes, has suggested that we're really serious about making sure that there's a

good level playing field for producers of all sizes, so I think that's good.

I think the fact that the President has put an emphasis and spoke passionately about the need for trade and completing the Green Free Trade Agreement and understanding the importance of trade with the National Export Initiative, that also is reassuring people.

You know, change is tough and it's difficult, and I think when I go out and I talk to people and I've talked to thousands of farmers and I've talked to thousands of people in small towns, when I lay out what this is all about to people, you see them nodding their heads. They go, "Yeah. I want my kid to be able to stay here. I want my grandson to have a chance to do what I do. I'm proud of what I do. I'm proud of where I come from."

And when they hear me talk about the fact that one-sixth of the population gives us 45 percent of our people in the military and why that is so and how it's tied to the value system of rural America and why it's important for the rest of the country to be interested when they hear me talk about the important role that the farmers play in having us have extraordinarily flexibility with our paychecks because of the cost of food, people start to say, "You know, okay, I think they're on my side," and that's really what you have to do. You have to convince them you're on their side.

**MR. BJERGA:** Do you ever feel like you can give that message and people get it, people are kind of willing to go along, and then maybe next week somebody from the EPA shows up and all that goodwill that he just got has gone down the tubes?

**SECRETARY VILSACK:** (Laughs.) Well, I think there is -- you know, I have been reminding myself of this, and it's important. I made a list the other day of all the things that weigh on a farmer. You know, there are food safety issues, and there's environmental issues, and there are market issues. So, when you start making a list of all this, you can understand why these people are a little bit skeptical, and you understand why they feel like the weight of the world is on their shoulders and nobody understands their circumstance.

It's one of the reasons why we tried to set up a time on a regular basis for EPA, farm groups, and us to meet, so at least that there's an open line of communication, at least there's an opportunity for people to share concerns, frustrations, irritations, misunderstandings can be corrected and clarified, and hopefully over time, that will lead to better policy and a better understanding of policy.

The EPA has got a tough job. They have a very tough job. On the one hand, they've got Congress telling them this is what you shall do; on the other hand, they've got courts telling them this is what you must do. And they have to be in the middle, and it's like, "We don't have a choice here. Congress has directed us to do this or a court is ordering us to do this. What are we supposed to do?"

And I think Lisa Jackson is sensitive to that, which is why she was going to these

meetings, and I think, hopefully over time those meetings will be of help.

**MR. BJERGA:** So, if you pursue the path that you're looking at in terms of job creation, in terms of reorienting programs, what's the rural America you see in 2020 versus if you sort of continue the path that has been going on this far?

**SECRETARY VILSACK:** Well, in 2020, I see a multitude of new opportunities and expanded opportunities in rural communities. I see farmers being able to profit not just from the traditional sale of grain and livestock but providing waste material for fuel production with their windmill or a solar panel or some kind of methane digester on their facility producing electricity for their operation that may be going on a grid.

I see small towns begin to have a sense of hope because they've got broadband access that allows people to live in a place where there is less traffic, less congestion, schools that have smaller class sizes and so forth, so that they feel comfortable about their families, and they're lawyers, they're doctors, they're engineers, they're people that are doing business all over the world because they're connected.

I see a robust financial set of markets in which farmers are being sophisticated, farmers are being asked to think about water rights and conservation rights and wildlife habitat and carbon sequestration and being able to figure out how they might be able to use their land in a way that will maximize profits for them and generate business for contractors, generate business for these people that will be advising them on these markets.

I see a robust resurgence of people connected to the great outdoors, hunting, fishing, hiking, more public resources being provided for private access. You know, our small [inaudible] program now is a \$50-million program. Maybe that gives rise to a larger opportunity.

You know, I see schools basically feeding their youngster something with tomatoes, squash, and potatoes and so forth that were grown, raised by the farmer down the road, and the farmer comes to the school and explains to the kids how it all happens. And they've got a garden outside in the school, and they reconnect with their food supply.

I mean, I see an energy, an entrepreneurship, and a sense of innovation that gives people a sense of hope, that allows them, most importantly, if I had to put it, encapsulate it in one vision, it's parents at a kitchen table saying to their son or daughter, "You know, if you want to go to a city, fine, but you don't have to. You're not forced to. You got great opportunities here, and we'll make them available to you." And government policy is going to make that opportunity more hopeful than it has been.

**MR. BJERGA:** Okay. If I have further questions, I can probably handle it by e-mail.

**SECRETARY VILSACK:** Okay.

