

**Remarks by
The Honorable Jeffery S. Hall
Board Member, Farm Credit Administration
AgFirst Board Meeting
Columbia, South Carolina
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Good afternoon. Thank you very much for the opportunity to meet with you today.

I've been involved in agriculture my whole life. I was raised on a small, diversified family farm in southern Indiana. I attended Purdue University, getting my B.S. in 1979. I went back to the farm after I graduated and received an even more valuable education in real farm economics. I became a Farm Credit System borrower in 1981 when I financed the purchase of a farm through the Federal Land Bank.

I moved to Kentucky in the early 1980s and have spent the past 30 years working in the area of agriculture policy. My career includes time at the Kentucky Farm Bureau; on Capitol Hill working for U.S. Senator Mitch McConnell; at the University of Kentucky, College of Agriculture; and at USDA's Farm Service Agency.

When I started working for Senator McConnell in the late '80s, I gained a much broader understanding of the System by working on the 1990 farm bill and building relationships with people representing specific System institutions, as well as people from the Farm Credit Council.

Something I have learned over the years is the value of listening and having a network of smart people to rely on for advice and answers. So that is why I am here today—to listen and learn. I can't promise we will agree on everything, but I can promise that I will get out of the office and listen to those affected most by the actions we will take. The only agenda that I bring with me onto the FCA Board is my desire to build on the many years of the System's success and financial soundness.

The System's nearly century-long mission of providing sound, dependable credit for U.S. agriculture and rural America is just as relevant today as it ever was. The Farm Credit System is our nation's leading lender to U.S. farmers, ranchers, and agricultural cooperatives. It has more than \$220 billion in outstanding loans to more than 500,000 members. At the very core of this success is the cooperative structure of the System.

I can remember explaining the cooperative business model to a group of high school students 30 years ago. Agriculture has changed in many ways since then and will continue to change, but the guiding principles of cooperatives continue to stand the test of time.

AgFirst has always held true to its cooperative mission and principals. For National Cooperative Month, the Farm Credit Administration Board being passed a resolution reaffirming our

commitment to the cooperative business model and to the cooperative structure in a manner that best serves its borrower-members. AgFirst embodies the spirit of that resolution and is a great example of the true cooperative model.

By continuing to promote the cooperative model, agriculture and farming have a remarkable past and an even more promising future. A couple of years ago, the U.S. Chamber of Commerce Foundation released a paper that described American agriculture as “one of the great technological, humanitarian, and productivity success stories in human history.” While there are cycles of prosperity and decline in agriculture, no single segment of our nation’s economy has a more profound impact on every American, every day.

But agriculture has some very real near-term challenges. One major threat is drought. Severe drought is impacting some of our most productive regions, and there’s no end in sight. The opposite is just as problematic. This area just survived a 1000 year storm leaving devastation in its wake.

Land prices, too, present a challenge. In some areas they have reached levels many never imagined. Although prices have moderated in recent months, they still remain high. A drop in prices could create collateral risks for farm lenders.

Another issue is the high cost of production. For many crops, production costs have fallen below the break-even point. And the inevitable increase in interest rates will lead to even higher production costs.

That’s quite a list of challenges, and there’s more I could add. Still, despite everything, the future remains bright for agriculture and for the Farm Credit System, and I am excited to be a part of it.

As a Board member, I will uphold the mission of the Farm Credit Administration to ensure a dependable source of credit for agriculture and rural America. The Board has a statutory responsibility to make sure all System institutions employ safe and sound banking practices. We will issue the necessary rules and regulations to provide a framework of consistency, and we will ensure compliance with the Farm Credit Act.

The Farm Credit System’s mission to serve agriculture and rural America is defined by Congress. It has also outlined the authority by which banks and associations fulfill the mission. Just as important as the mission is the System’s reputation. It is not always a bright line down the middle of the highway, it more like staying between the ditches. It is the responsibility of the FCA, the Banks, and the Associations to keep this car safely on the road.

There are those who want to attack the System’s reputation and say we are not focusing on our intended mission. Let’s not give them the opportunity to be right. Despite the rhetoric from inside the Beltway, let’s continue to build partnerships between commercial banks and System institutions. I believe these partnerships will ultimately lead to greater prosperity for farmers, ranchers, and rural communities.

In 1988, Congress established another entity—the Federal Agricultural Mortgage Corporation (or Farmer Mac)—to help increase the flow of funds to agriculture and rural America. Working together, Farmer Mac, the System's banks and associations, and commercial banks can be powerful allies in meeting the needs of farmers, ranchers, and rural communities.

In conclusion let me leave you with the challenge to tell your story. As a board member of this bank and a member of one of its affiliated associations, you need to reach out to members of Congress—you need to make sure they understand how the Farm Credit System benefits the farmers and ranchers in their states and districts.

While the Farm Credit Council and your government affairs professionals do a great job working with members of Congress, I cannot overstate the value of your personal and direct relationship with your senator or representative. Don't wait for them to call you—you call them. Or better yet, go visit them. I can tell you from my time working with Senator McConnell, it matters more than you realize—especially when you meet with them back home—that is, outside of their Washington offices where they are bombarded with competing pressures. As the balance of power in Congress shifts towards urban issues and away from rural issues, having advocates is vital.

As a person in the business of agriculture, you are the most effective and credible voice on the public relations team. Every day we witness the fundamental lack of understanding for modern production agriculture and its need for an affordable and reliable source of credit. You have credibility and influence, so don't hesitate to use it.

Thank you.