

NATIONAL PRESS CLUB LUNCHEON WITH AGRICULTURE SECRETARY TOM VILSACK

SUBJECT: FEEDING A GROWING GLOBAL POPULATION

MODERATOR: ALAN BJERGA, PAST PRESIDENT, NATIONAL PRESS CLUB

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**ALAN BJERGA:** (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga, and I'm a reporter with Bloomberg News and the immediate past president of the National Press Club. We're the world's leading professional organization for journalists committed to our profession's future through our programming and by fostering a free press worldwide. For more information about the National Press Club, please visit our website at [www.press.org](http://www.press.org). To donate to programs offered to the public through our Eric Friedheim National Journalism Library, please visit [www.press.org/library](http://www.press.org/library).

On behalf of our members worldwide, I'd like to welcome our speaker and those of you attending today's event. Our head table includes guests of our speaker, as well as working journalists who are club members. If you hear applause in the audience, we'd note that members of the general public are attending, so it is not necessarily evidence of a lack of journalistic objectivity.

I'd also like to welcome our C-SPAN and Public Radio audiences. Our luncheons are featured on our member-produced weekly Podcasts from the National Press Club available on iTunes. You can also follow the action on Twitter using the hashtag NPC Lunch. After the speech concludes, we'll have question and answer session, and I'll ask as many questions as time permits.

Now, it is time to introduce our head table guests. I'd like each of you here to stand up briefly as your name is announced. From your right, Matt Hartwig,

Communications Director for the Renewable Fuel Association; Matthias Rumpf, chief media officer for the Organization for Economic Cooperation and Development's Washington Center; Dr. Thomas Carter, Agricultural Research Service, research geneticist for the USDA and a guest of our speaker; Larry Quinn, a retired Assistant Communications Director for the U. S. Department of Agriculture; Chris Policinski, President and Chief Executive Officer of Land o' Lakes and a guest of the speaker; Marilyn Geewax, National Public Radio's senior business editor and the vice chair of the club's Speakers Committee.

Skipping our speaker for the moment, Maureen Groppe, Gannet News and the Speakers Committee member who organized the day's event. Thank you, Maureen. Roger Johnson, President of the National Farmers Union, and a former North Dakota Agriculture Secretary; Ellen Ferguson, reporter for *Congressional Quarterly*; Mark Heller, reporter for the *Watertown Daily Times*; Karen Coble Edwards, senior advisor to the World Soy Foundation; and Paul Minehart, head of North American corporate communications for Syngenta Corporation. (Applause)

This year, an estimated 44 million people are being pushed into poverty worldwide because of rising food prices, according to the World Bank. Food costs played a hand in the consumer outrage that fed riots and toppled governments in Tunisia and Egypt. With poor weather continuing to affect the U. S. Midwest, the main growing region of the world's biggest food exporter, more price volatility is possible as a long, hot summer is the last thing the world needs.

Agriculture Secretary Tom Vilsack is here today to talk to us about how U. S. farmers and ranchers are working to meet world needs. But the needs met by the Department of Agriculture, which he leads, go far beyond crop production. The USDA monitors the safety of parts of our food supply, along with the Food and Drug Administration. This month, it rolled out the new My Plate icon for healthy eating revealed this month. Secretary Vilsack has said that what surprised him most about the job he's held since January 2009 is the scope of the USDA and just how underappreciated that scope is. Expanding broadband access in rural America, adding night-flying aircraft to the U.S. Forest Service's firefighting fleet, and increasing the number of ethanol pumps at gas stations are all items on his plate.

Secretary Vilsack must also be internationally focused. He will travel to Paris next week for a G20 summit of agricultural ministers to discuss rising food prices and global unrest due to food insecurity. Previewing that meeting today, the Secretary will address the combined challenges of feeding a growing global population, mitigating the effects of climate change, and meeting increasing energy demands at home and abroad. He began his political career as mayor of Mt. Pleasant, Iowa, in 1987; was elected state senator in 1992 and then served two terms as Iowa's governor. He has stood before this podium twice before. The first was in 2007 when he was considering a run for the White House. He returned last year to discuss child nutrition. Please welcome back to the National Press Club, Secretary of Agriculture Tom Vilsack. (Applause)

**SECRETARY VILSACK:** Alan, thank you very much, and thanks to all who are here today. Let me start off with a sobering statistic. Today, the United Nations food and agricultural organization says that 925 million people were undernourished last year. This is an improvement from 2009, but still unacceptably high. Our goal as a nation and as an international community is clear; to bring down this number by increasing the availability and the accessibility of nutritious food around the world.

So as we look to the future, this challenge grows even more stark. The global population is on the rise and strong economic growth in developing countries is expanding middle classes and increasing demand for agricultural products. We'll have to increase food production by 70 percent to feed a larger, richer global population of 9.3 billion people by the year 2050. What's more, agriculture will play a role in meeting the growing demand for energy worldwide, which is expected to increase by more than 40 percent by 2035.

The challenge of feeding a global growing population is real and our success is not necessarily guaranteed. For producers this is also a time when uncertainty and constraint, as they confront the uncertainty of climate change and face the constraint of limited water resources. We know that past approaches to solving global hunger, which focused efforts on providing food aid, is simply not enough. We need to increase both the sustainability and productivity of global agriculture so that food is indeed available, accessible and usable to people everywhere in the world.

Now, I strongly believe that our nation, our scientists, our policymakers, and most importantly of all, our farmers, ranchers and producers, have proven that they're up to this challenge. American farmers, after all, are the most creative and productive in the world. Each acre we farm has become more and more productive, particularly over the course of the last century. America has moved from subsistence farming of the 1920s and '30s to today being the world's largest food exporter. Now, this evolution was not preordained. American producers embraced science in pursuit of greater productivity. Technologies emerged from the imagination, creativity and hard work of scientists from USDA, from land grant universities, and from the private sector.

So I would say that principle number one as we address this issue of global food security lies in innovation arising from research and development. Higher productivity need not come at the expense of conserving our natural resources. American farmers have taken steps to take care of our nation's natural resources. In fact, in the last 30 years alone, USDA has helped producers to reduce soil erosion by more than 40 percent, and agriculture has gone from being one of the leading causes of wetland loss in the country to now leading the nation in wetland restoration efforts. Our farms also help capture carbon emissions and mitigate climate change. Farmlands, pastures, and forested areas through proper conservation efforts, help preserve our water resources and clean our air.

So principle number two in this effort to find a solution to global food security is that it need not be, and should not be, at the sacrifice of efforts to conserve our natural resources. Two years ago, world leaders in L'Aquila, Italy, committed to making

sustained increased investments in agricultural development. And the G20 agricultural ministry, which I will attend next week, will continue to reinforce and move this agenda forward. During the two years, the focus and extent of cooperation among world leaders has been remarkable, and it is mirrored here within our own U.S. government. Under the leadership of President Obama, the United States government has pioneered a new coordinated approach to working towards global food security.

Feed the Future, a presidential initiative, led by the U.S. Agency for International Development, is smarter and more efficient because it's focusing on raising the productivity and incomes of small holder farmers through country-led strategies. It has focused on specific geographic regions and value chains within 20 countries so that we can significantly invest in priority areas where we will bring about a comparative advantage. In bringing together the capabilities of multiple parts of the U.S. government, Feed the Future is also working with multilateral partners in the private and nongovernment sectors as well to build local capacity, to sustainably increase agricultural productivity, improve nutrition, and also foster regional trade.

Through Feed the Future, U.S. is also closely coordinating its efforts with the USAID and USDA. In times of reduced financial resources, efforts must be focused obviously on core competencies. For my department, USDA in the context of Feed the Future, there are three core areas that have been identified: innovation through collaborative research, in-country capacity building in areas such as regulations, natural resource management, trade and extension and efficient market development through information, analysis and statistics.

So the third and important principle as we deal with global food security is that we must focus on country identified needs and the core competencies of U.S. departments and agencies, as well as other developing countries and international organizations. As we've seen for decades, innovative research is perhaps our best opportunity for game-changing results in global agriculture. Research in a climate-changing era is working to develop and extend new, improved technologies and methods for agricultural water use efficiency, soil conservation and basic productivity of land on which seeds are sown.

At the same time, innovative genetic research is changing plant breeding by providing us with a better understanding of the genetic basis of high-yielding and stress resistant crops; to confront heat, pests, soil salinity, toxicity and new diseases, we're using discoveries about genetic information to better predict and accelerate the results of conventional breeding, selecting untested lines based on genomics rather than labor-consuming field trials.

In the past few years, USDA research has helped reveal the genetic blueprints of a host of plants and animals including corn, soybeans, apples, pigs, turkeys, kale and grass with a great potential as a bio fuel crop. In the past weeks alone, we've published research with a full genome sequence of two common pathogens that cause wheat diseases which damage crops around the globe. This sort of work allows us to bypass generations of

selective breeding and to develop disease control methods to rapidly bring about more abundant, nutritious food to tables around the world.

This new understanding of genetic is also having an impact on one of the world's most threatening agricultural challenges; the wheat stem rust known as UG99. This devastating fungus is spreading across Africa, Asia, and the Middle East with the potential to threaten crops that feed one billion people. The United States is playing a key role in the international effort to reduce its effect and damage. We have provided more than 14,000 lines of wheat to be screened for resistance at plots at the Kenyan Agricultural Research Institute. And thanks to genetics, we're pre-screening lines of wheat before sending them for field tests, increasing the frequency with which Kenyan researchers are finding rust resistance in our wheat and moving us closer towards developing new UG99 resistant cultivars.

Today, we're taking another step to strengthen our capacity to combat UG99. USDA and USAID are celebrating the groundbreaking of a new USDA UG99 research greenhouse at the University of Minnesota, a significant commitment on the part of the U.S. government under Feed the Future, an innovative to providing more stable grain supply worldwide.

Other U.S. genetics science has helped us lead to a flood tolerant rice variety that shuts down during flooding conditions but resumes growth afterwards. Developed in conjunction with the University of California and the International Rice Research Center in the Philippines, new varieties are helping transform the food security in the Feed the Future focused countries such as Bangladesh.

At the African Growth and Opportunity Act Forum last week, USDA and USAID were proud to announce that through the Feed the Future innovative, the U.S. government will support an African-led partnership focused on controlling exotoxin. Over 1.5 billion people in the world consume dangerous levels of this toxin. This project, paid for by a broad array of international and local public and private sector organizations and foundations, included \$12 million from the U.S. government. And this will help us develop comprehensive regional strategies to limit the effects of this toxin on health and economic growth.

Other USDA projects are looking at heat and drought tolerance in beans. This time, I want to take particular note of Dr. Carter's research. He at ARS and in a facility in North Carolina has been working on breeding drought-resistant beans. And Dr. Carter will be acknowledged as an outstanding area research scientist at USDA. So Dr. Carter, thank you for your continued efforts. We've also had USDA-funded projects addressing vitamin A and other nutrient deficiencies that cause problems for millions of children with new corn and potato varieties and improving fruits and vegetables and specialty crops like akaosan [?] table grapes. This sort of advanced development holds incredible potential for improving sustainable production and nutrition and raising farm incomes both here at home and across the globe.

And because of our belief in the value of global innovation and collaboration on agriculture, the genetic information that forms the basis for much of this work is already available publicly. And every year, USDA distributes at no cost over 150,000 sessions from our seed banks to researchers at home and around the globe. This research effort is not just a domestic effort. Much of the best research is being done in conjunction with our international partners and nonprofit funding. As tight budgets threaten funding for this work at home and abroad, it's critical that we not only advocate for continued investment in this sort of innovation, but that we also continue to encourage private and nonprofit sector funding as well.

At the G20 agricultural ministry, I look forward to engaging with my counterparts on how we can continue to sustain support for such critical research and innovation globally. But, frankly, research alone will not feed the world, people will. Farmers and ranchers and the chains of individuals who help harvest, package, ship, sell and prepare food will as well. To meet future challenges, we must help farmers adopt the latest C technology; improve irrigation systems for land and animal management techniques. We must help them appropriately apply fertilizers and pesticides and herbicides, if need be. And we must help them regulate the safety of their food systems and engage in the global trading system so that food supply can reach the demand.

Food security efforts must be country led and country driven and focused at the local and community level. We sincerely want to engage small holder farmers and villages to learn their ideas about developing their agricultural sector so that we can help them with the technologies, techniques and crops that fit their culture and lifestyle. Our focus must also reflect an understanding of the role of women in farming who account for between 60 and 80 percent of food production in most developing countries.

And Chris, I want to take this opportunity to thank Land o' Lakes for your continued effort, particularly the partnership in Kenya that's working on increased dairy production because that's having a profound impact and effect on folks not only in that country, but across Africa.

And while we improve productivity, we must also insure that food makes from the farms to the mouths in need. We must help communities and nations build safer water systems, stronger post-harvest infrastructure like roads and cold storage. We have to continue to insure food safety and encourage vibrant local markets with transparent information and improved financial services. National and regional governments have an enormous role to play in this effort. In the United States, our land grant universities and extension agents have helped producers practice successful farming management and marketing and have even helped them form cooperatives.

The USDA Foreign Agricultural Service engages with ministries of agriculture in over 150 countries around the world to enable trade to support policies based on sound science and help disseminate sound management practices in less developed countries.

Today through Feed the Future Innovative, we're focused on building capacity in countries like Bangladesh, Haiti, Ghana, Tanzania, as well as regions in East Africa and Central America. These initial focus countries and regions were selected because of the strength of their political institutions and their vision for confronting hunger. They have all committed to increasing their own investment in agriculture so that our investments generate significant leverage.

Ghana, for example, currently loses somewhere between 30 and 40 percent of its grain supply after harvest because of inadequate commercial and on-farm commodity storage and handling facilities. To help tackle this challenge, USDA is collaborating with several land grant university specialists to develop and to deliver a series of training and capacity building programs to improve storage systems on and off the farm, which in turn will minimize moisture losses. Our own Borlaug and Cochrane fellowship programs exposure our international counterparts to our American agricultural systems and innovation. At the same time, it supports critical human capacity that underpins our growth.

For example in Kenya, the Cochrane Foundation fellowship program has helped the Kenyan plant health inspectorate service adopt a port of entry inspection system similar to what we use here in the United States. This is providing direct benefits to the Kenyan economy as America is now importing some of its fresh vegetables. It also has the potential to make a big difference in the region as Kenyans who have been trained through the USDA program are teaching pest-resistant and risk procedures and assessments to government agricultural officers at other East African nations.

U.S. food aid programs are also driving agricultural productivity; increases in raising the incomes of farmers. This year alone, they'll benefit more than 5.2 million people in the developing world. Our Food for Progress programs in Malawi, Guatemala and Tanzania are building cooperatives, supporting extension, linking producers with buyers and increasing market information and developing agricultural financial systems. And our McGovern-Dole program invests in the future by increasing school attendance, literacy and food availability for children.

This is occurring in over 30 countries around the world. We're also at this same time building capacity to design, manage and fund sustainable national safety net systems like the one we have in the United States with our SNAP program and school lunch program that have been so successful in America.

As for developed agricultural economies, we must remember agricultural policies here in the United States and in other G20 countries, and in the developing world, are founded on good information. That's why another priority for food security, which I look forward to discussing with my counterparts next week, must be increasing transparency in agricultural systems. That means establishing data collection, information, and regulatory systems so that nations can make informed decisions to establish sound policies, respond to change in food supplies, and reap the many benefits of agricultural trade.

The United States supports the U. N.'s efforts to improve global agricultural statistics, to provide accurate and timely market information and forecasts and we support the in-country efforts to improve data collection and analysis in countries. We're also working to bolster here in the U.S. national agricultural data systems and institutions in the feed the future nations so that countries can carry out their own food security assessments, monitor and analyze functions in their own country.

In Nigeria, the USDA is helping with a pilot project to improve sampling methods and data collection techniques. And in places like Guatemala, we're supporting market information systems so that farmers there can make informed decisions. As each new capabilities and systems take hold around the world, we believe that there will not only be less waste and fewer hungry people, but the global community will be better able to mitigate and respond to crop failures and famines. Countries will be able to make more informed agricultural choices. As we watch a substantial increase in global commodity prices for the second time in the last few years, it is a good reminder of the importance of embracing transparency and the free movement of food supplies. These measures will get food to the people that need it most and help smooth price spikes.

The bottom line is with transparent systems in place, farmers around the world, from those tilling an acre or two in Central America to large row crop operations here in America, they'll be able to respond to changing markets and grow what is most profitable for their families and most needed by their neighbors, their country, and the globe. The policies adopted by the international community are critical to creating a successful environment to collectively meeting the challenge before us.

At the G20 meeting next week, we'll establish priorities, agree on ways to increase the effectiveness of international agricultural systems, information and investments. I think it's significant that the G20 leaders have singled out the importance of food security and are grappling together with how to address the problems of high food prices. I know that they're interested in long-term solutions to improve productivity and I'm hopeful that we'll have constructive conversations about additional thoughts about how to meet the growing demand for food over time.

So I head to G20 optimistic about what can be accomplished and committed to the role of American innovation in driving sustainable intensification of agricultural production and improved nutrition around the world. In the end, progress on these issues is also good for us here in America. It means improved economic opportunities as developing nations grow economically and engage forcefully in global trade systems. And it means more stable nations and fewer threats to our national security.

Working to eliminate food insecurity across the globe through innovation, hard work and partnerships, will provide incredible economic benefits and natural resource enhancements to developing and developed countries alike. It'll increase political stability in conflict and poverty-stricken regions and put countries around the world and our global community on a path to future prosperity.



Agriculture's role goes beyond feeding and clothing the world. Producers are increasingly being called on to help provide renewable sources of energy as well. Here in the United States, we're looking to bio fuels in particular to help confront the challenges providing adequate sustainable energy supplies, generating economic growth in rural communities and mitigating the impact of climate change. In some cases, the same goals can be met by bio fuels production in the rest of the world. As the FAO bio energy and food security project has shown, bio energy production and use in the developing world isn't automatically good or bad. Instead, when managed carefully, considering not only energy needs but environmental needs, economic growth and food security, bio energy can also promote food and energy security by driving investment and increasing incomes in rural areas.

To help nations, especially developing countries, reach the right balance, the Global Bio Energy Partnership recently announced a set of measurements and tools to promote the production and use of bio energy encouraging sustainable development. This is a clear reminder that we have to move beyond the all too common debate which pits food against fuel and figure out how to meet both challenges, energy security and food security. The truth of the matter is that corn-based ethanol does not deserve the scapegoat reputation that some folks often attempt to assign to it. During the great run-up in food and commodity prices in 2007 and 2008, American bio fuel production played only a minor role, accounting for about 10 percent of the total cost in food prices.

Now, combating hunger and feeding the world, particularly the world's children, is one of the great challenges of our day. Giving a child the opportunity for a brighter, more productive future affects not only that child, but the community where that child is raised, the country where he or she lives, and the entire world. This is a moral issue and we are proud to be engaged in work that gives children and their families around the world an opportunity to follow their dreams. Thank you. (Applause)

**MR. BJERGA:** And thank you very much for your time, Mr. Secretary. There's no shortage of questions coming along, but please feel free to submit more. First question, on your international focus and the discussions you're going to be having in the next couple of weeks with other agricultural ministers, do you think that Europe and the United States will agree at some point to reduce agricultural subsidies enough to satisfy china and India and enable a restart to the Doha round?

**SECRETARY VILSACK:** I think the challenge with Doha is not so much America's willingness to consider reductions to the support structure and system. I think that's fairly obvious, that in our fiscal condition and circumstances, that's likely to happen. The problem is there is not a corresponding willingness on the part of China and India to be definite and concrete about how open their markets will be. As we look at a Doha round, as we look at any trade agreement, we want to make sure that it's fair and balanced. We can quantify with great specificity what we're willing to do relative to our support structures and systems. We need the same kind of specificity from China, India,

brazil and other countries, in terms of how open their markets will be to make sure we're getting a fair deal.

**MR. BJERGA:** One of the paradoxes of booming U.S. exports is that some of the most food important-dependent nations are the ones that have the greatest amount of food insecurity, and they're the most dependent on fluctuating import prices. And when there are price spikes in more developed regions, they tend to bear the brunt because of their own lack of crop. From a food security standpoint, how do you balance your charge, really, as Secretary of Agriculture, to help boost U.S. exports; at the same time, some of the poorest nations need to become less dependent on those exports.

**SECRETARY VILSACK:** I think first and foremost, we're interested in making sure that those developing countries are able to create rural economies that are strong and that can provide greater financial benefit to those who live in those rural areas. I won't forget for quite some time visiting a farmer in Kenya who was growing both corn and beans virtually in the same place on his farm at the same time. His theory, Roger, was that beans would basically provide the nitrogen that would in turn allow the corn that would emerge later to be better. We tried to convince him that rotating those crops would be more effective, would increase his yields, would allow him to buy perhaps another dairy cow, which in turn would allow him to create surplus that in turn would enable him to expand his operation.

So it isn't so much about imports and exports as it is making sure that the productivity of these developing countries is maximized and that folks understand or appreciate how best to expand their operations. At the same time, I think it's important for Americans to recognize that our rural areas of this country have suffered for an extended period of time. Ninety percent of the persistent poverty counties in this country are not located in urban centers, they are located in rural counties. The per capital income difference between those who live in rural America and those who live elsewhere is about \$11,000 per person. So it is important and necessary for us to look at ways in which we can create economic opportunity in our own country.

At the same time, we've seen a consolidation of farms to the point that now less than one-tenth of one percent of Americans produce 85 percent of the food that we consume. So as we look at strategies to embrace and to enhance economic development in rural areas, we have to understand that we have to have strategies for helping small landholders in the U.S. who might benefit from local and regional food systems, or who might benefit from having an opportunity to be part of a coop that's producing bio fuel. At the same time, we have to continue to allow those commercial-sized operations that are providing a good part of our food an opportunity for prosperity. That's a combination of meeting our own needs and using the excess, if you will, to provide export opportunities.

I honestly think we can balance this properly. And with the demand that we're seeing both on the food and energy side, I think there's more than enough opportunity for folks in developing countries to emerge and to expand their operations, and at the same

time allow the United States to continue to export, continue to look at ways in which we can produce other kinds of products with our crops in addition to food and feed.

**MR. BJERGA:** You spoke in your address several times about government initiatives to boost agriculture, especially in sub-Saharan Africa. But with these initiatives, pledges can be notoriously lacking from some countries, especially in an environment of budget-cutting. How much can governments realistically be expected to accomplish in the fight against food insecurity?

**SECRETARY VILSACK:** Well, the G20 nations have made a significant commitment, the United States committing \$3.5 billion of additional resources above and beyond our food aid assistance. We've already made good on roughly \$2.5 billion of that \$3.5 billion commitment. We'll see additional commitments in the fiscal year 2012. This is an opportunity to focus on the difference between reducing budgets in order to get control of the deficit circumstance and recognizing that an additional strategy is growing the economy and investing in the future. There has to be a balance, and there are opportunities here for us to develop stronger relationships with other countries, to create stronger middle classes in other countries, which in turn create demand for products that the United States can produce, both agricultural and otherwise. And as I said earlier, it does provide for greater political stability in those countries, which means that we have less threats to attend to from a national security perspective, which should allow us to take a look at our priorities, our budget priorities.

So, we would be penny wise and pound foolish to substantially reduce our commitment to global food security. Because if we think we have concerns and challenges today from a national security perspective, wait until we have more serious food shortages and water shortages around the globe. At that point, we'll see how expensive it can be. We're much better off investing now in expanding systems and encouraging development in these developing countries and making sure that they use their agriculture to the fullest extent possible in their countries.

**MR. BJERGA:** Following on that, a question from a person who emailed us. Are you concerned that the European Union's anti-GMO, anti-pesticide stance is exporting hunger?

**SECRETARY VILSACK:** You know, I think that there is a need for us to continue the dialogue and conversation with our EU partners in terms of the strategies that will work to address global food security. I don't think there's any question that we can't turn our back on science. This is a significant challenge when you think about increasing food production by 70 percent when the amount of land available for producing crops is not going to grow, and likely it's going to shrink with expanding cities and communities.

What are you going to do? You've got to figure out how to do more with less. The only way you do that is by figuring out ways in which you can use land that is currently not productive and make it productive, or use land that is currently productive and make

it more productive. That's what we have found in the United States. In the 1930s, we were a subsistence farming country. If you didn't grow it, people didn't eat. In just 75, 80 years, we've gone from that point to the place where we're the largest exporter. Why is that? It's because farmers embraced science, embraced new technologies. Initially, there was reluctance at the notion of hybrid seed in the United States. Initially, there was reluctance to embrace the concept of a mechanized tractor. But over time, folks in agriculture areas overcame those concerns, took the risk and found enormous benefit.

I think the same thing will have to hold true in other parts of the world. There has to be a greater embracing of science, there has to be a process by which folks commit themselves to a regulatory system that's based on sound science. And we have to obviously get away from some of the parochial views that we've had. We're seeing that happening in the United States. There's no discussion about our subsidy system, which I think is healthy. We're going to continue to see more of that, I think, as we try to confront this major challenge that we face as a globe. This is not one country's responsibility, it's the entire globe's responsibility.

And so I think it's really very, very important for people to have an open mind and to take a look at science. And I think we're beginning to see, particularly in the eastern European countries, a greater acknowledgement and acceptance of the science and I think that's ultimately going to lead to greater embracing.

**MR. BJERGA:** The journalist, H. L. Mencken, who was honored here at the National Press Club once said, "For every complex problem, there is a solution that is simple, neat, and wrong." What are some simple, neat solutions to the problem of food security that you see as wrong?

**SECRETARY VILSACK:** Well, one solution is some countries have decided to sort of rein in and take the position that they're going to limit the capacity to export. And they develop bans on exporting commodities, which in turn distorts the market, creates potential for higher cost than would otherwise occur. So I think at a time when there are difficulties, the initial reaction I think of folks is to sort of look inward, to try to hang on to what you have. And I think that's precisely the opposite of what we should be doing. This is a tremendous challenge, but a great opportunity for us in the United States to develop relationships if we are willing to look out.

The same thing ought to be true for other countries, particularly some of the major players. When major players consider export bans, they, as I said earlier, distort the market and make it a little bit more difficult for the rest of us to have the transparency, the market information necessary to properly price and properly forecast and properly estimate the status of food, which in turn makes it harder for these developing countries rather than easier. So that would be one example.

**MR. BJERGA:** We have several questions about food safety and the e. coli scare in Germany. In the wake of the e. coli scare in Germany, how important is

expanding the strains of e. coli tested in the United States? There is a proposal before OMB. How important is it that that proposal advance?

**SECRETARY VILSACK:** Well, I think this is another important question. I think Americans deserve to have a safe food supply. We have been fortunate, I think, on balance, of having a relatively safe food supply. But until we do not have a single incident of contamination, a single incident of people getting sick or, unfortunately tragically dying, we still have work to do. That's why I think it is important for us to take a look at ways in which we can continue to focus on a prevention effort. That means for us, as we learn more about e. coli, as we learn more about the strands that can cause problems, we ought to be willing to step forward and begin the process of testing to make sure we can prevent illnesses and diseases rather than responding to them.

I think what's happened in Europe is a wakeup call. It requires us to be continually vigilant about food safety. It's an everyday responsibility. And if you relax for a moment, it can cause devastating consequences. So our hope is that we work with the industry which is just as interested as USDA is and the government is in having a safe food supply because obviously, they're as concerned as we are about the safety of individuals.

**MR. BJERGA:** Would the U.S. be better off with a single food inspection agency? Why and why not? And in the current budget discussion, of course House Ag. approps. Is up on the floor this week, what impact do proposed cuts to the FDA budget and other food safety measures have on the safety of the U.S. food supply?

**SECRETARY VILSACK:** Well, I would just point out that at least as it relates to USDA, I can't speak about the FDA's budget, but as it relates to USDA, our food safety inspection system, which takes a look at meat and poultry and processed eggs, most of that budget, if not the vast majority of that budget, is people. In some parts of USDA's budget, we talk about programs, assistance to local governments, assistance to farmers, but in the food safety rein, we're talking about inspectors, we're talking about people that actually are responsible for making sure that what we eat is as safe as it can be.

So obviously any time you impact and effect and reduce your commitment to food safety and the budget of food safety, you're obviously going to impact the number of people responsible for food safety, which makes it that much more difficult. We're going to continue to work, we're going to continue to try to do the very best job we can. We're challenged to take a look at our processes. Are there ways in which we can do more with less? Are there ways in which we can be more efficient and more effective with food safety? Are there inspection processes and systems that would be better? If so, we are now challenged to look at those things very carefully and to embrace them.

You know, the reality is it's still 325,000 people in this country get sick every year from a food-related illness. That's far too many. And there is a consequence to that. There are healthcare expenses that are a consequence, there's loss of productivity that's a

consequence. And tragically and unfortunately, 5,000 people die. We need to continue to work on this. We need to continue to improve our safety systems.

It doesn't necessarily matter whether you've got one system or one department or two departments or multiple departments, as long as those departments have the same philosophy and the same approach. When I came into office, the President instructed me and Kathleen Sebelius at Health and Human Services, to take a look at how we could improve food safety. We put together a food safety working group. And what we found was the need for FDA and USDA to have the same philosophy as it related to food safety, which was a preventative philosophy, not a mitigation philosophy. With the passage of the Food Safety Act, if it's properly supported, you'll see FDA now have much more of a preventative focus, which is very similar to what USDA has been doing for quite some time. I believe that singular focus is probably the best thing we can do today to insure a safer food supply.

**MR. BJERGA:** This audience member asks 70 percent of all antibiotics produced in the U.S. goes to farm animals. Why can't the USDA do more to reduce this infusion of antibiotics into our nation's food chain?

**SECRETARY VILSACK:** Well, the simple answer is, and the bureaucratic answer, is that that's the responsibility of the FDA.

**MR. BJERGA:** But simple can be wrong. (Laughter)

**SECRETARY VILSACK:** I would never acknowledge the FDA is wrong. Having said that, I think it is important for USDA to work with farm groups and those representing and concerned about agriculture to make sure that what we talk about when we talk about antibiotics, the judicious use of antibiotics, the appropriate use of antibiotics, as opposed to an over-use. And I think we have continued work to do in that area, and we're continuing to work with the livestock industry to make sure that members, farmers, livestock producers, understand that it's in their best interests in the long-term to be judicious in terms of how they use antibiotics.

So I think working with FDA and working with farm groups, we'll continue to improve on that.

**MR. BJERGA:** The United States is the world's largest producer and exporter of ethanol. After 30 years of tax credits and trade protection, does ethanol still need these subsidies? Can the federal government even afford them?

**SECRETARY VILSACK:** Well, what we found out when we reduce or eliminate the subsidies too quickly, we find out there is an unintended consequence, which is production capacity is then compromised and ultimately jobs are lost. At a time in this country where we need more people working, not fewer people, I think we have to be careful about what we do relative to the support for the bio fuel industry. There are either directly or indirectly, I'm told, over 400,000 folks who are employed in that

industry. When the bio diesel tax credit was allowed to expire a year or so ago, we saw 50 percent of production capacity end immediately and 12,000 jobs being lost.

Again, let me remind you of the statistics and circumstances of rural America where unemployment levels have historically been a lot higher than in other parts of the country, and poverty rates a lot higher. If we're going to aggressively address that imbalance in our economy, we have got to have new opportunities and alternatives for job growth and for income growth in rural areas. If we're to meet the President's challenge of reducing our reliance on foreign oil by a third, we're going to need to have a robust bio fuel industry. Now to do that, we need to move away from corn-based ethanol, which everyone recognizes, and which we are doing. USDA is helping to sponsor a variety of alternative feed stocks from algae to grasses to woody bio mass to agricultural waste and others to create new supplies and new ways to produce ethanol.

At the same time, we have to make ethanol more readily available, making sure there are pumping and distribution situations throughout the United States to make it convenient for consumers. If we had not had an ethanol industry, if magically we could just sort of wave a magic wand and the entire bio fuel industry would leave the country, everyone in this country would be paying, on average, about 90 cents a gallon more for their gas. It gives us an opportunity for competition, it gives us an opportunity for innovation, it gives us an opportunity for job growth, and an opportunity for rural communities.

When we reached the 36 billion gallon threshold, which Congress has set as where we need to be within the next decade or so, we will reduce our reliance on foreign oil about 17 percent, which just happens to be the percentage that we currently import from Middle Eastern countries, an area of the world which is unstable. That instability has reflected itself in the cost at the pump. If we want to stabilize that cost, stabilize energy costs in this country, provide more economic opportunity, then we obviously have to have a robust commitment to bio fuels.

Does that mean continuing subsidies forever? No. Does it mean that they have to be continued until we reach the 36 billion gallons? No. But I think we have to be very careful about the way in which we go about reducing those subsidies. And I think the time has come for us to maybe redirect some of that support towards helping the industry provide more convenient supply, and encouraging Detroit to consider the very small investment of \$100 to \$150 a car to make every single vehicle coming off the line a flexible fuel vehicle.

We now have roughly eight billion cars in the fleet today, about 230 million that are flexible fuel vehicles. If we increase that percentage significantly, it would provide additional market opportunities.

Let me just say one other thing about this industry. There's also a national security imperative here. The navy signed an MOU with USDA to work towards producing 50 percent of its fuel needs in bio fuel. Why? Because it is not comfortable meeting our

national security needs by relying on unstable sources of oil. They much more prefer relying on our own capacities within the United States. So while I understand people's desire and I understand the need for us to be fiscally responsible, let me just simply say that we don't want to cut our way out of a growth opportunity. There are a million jobs at stake here potentially as we expand this industry, and over \$100 billion of capital investment sorely needed in rural areas so that we get more economic activity in those areas. So I think we have to be very careful about that.

**MR. BJERGA:** Okay, following up on that with a structured bio fuels programs, you've got basically a three-legged stool on this. You've got a 45 cent blenders credit that goes to blenders of bio fuels, you've got a 54 cent tariff on ethanol imports, largely from Brazil, and then you've got a mandate, 13.2 billion gallons of corn-based ethanol this year rising to 15 billion. A lot of the 36 actually becomes cellulosic. So you have this mandate that already requires more than 13 billion, and I think last year's production was, what, 13.6? So, when you're looking at that, why can you not simply get by with the mandate, which already requires about the same sort of production level and save taxpayers \$5.7 billion in the blender's credit and promote free trade with Brazil?

**SECRETARY VILSACK:** First of all--

**MR. BJERGA:** I cover this.

**SECRETARY VILSACK:** Yeah, you did, you covered it. I think you got to be careful about that savings to the taxpayer, because to the extent that you compromise the jobs that are currently in this industry, to the extent that you compromise the capital investment that's already been made, you may see a loss of revenue as a result of job losses. So I think you have to be careful in terms of the numbers you use.

I think it's fairly clear that the tariff with Brazil will be phased out over a period of time. I don't think there's any question about that. But right now, Brazil's having their own difficulties meeting their own needs and they had to actually reduce the percentage of ethanol in their own vehicles because of challenges that they have with their own production processes. The reason why you need assistance and help is because you're bumping up against the thing you didn't mention in your question. You're bumping up against the 15 billion gallon threshold that corn-based ethanol is ultimately capped out or tapped out in terms of the renewable fuel standard, which means the next 21 billion gallons have to come from some source other than corn-based. You have to work to get those new feed stocks to the point where they're efficiently produced and they will need some help and assistance to get there.

But again, the benefits to the country, with more jobs in rural America, more capital investment in rural America, stronger bottom lines for producers, alternatives to use nonproductive land more productively, opportunities for new innovations to occur, they're also byproducts that occur from this process which help the livestock industry and other businesses, tremendous opportunities there. And there is also a trade component to this.



So I think you just have to be careful in terms of this debate that we don't limit our capacity to grow our way out of a deficit. USDA has done a good job so far in terms of responding to the deficit. It knocked off \$4 billion of our crop insurance cost to the government and applied that to deficit reduction last year. The continuing resolution was passed by Congress, hit USDA about as hard as any department of government. We took about a 10 percent cut to our discretionary spending. And the House is considering another 13 percent on top of that. So we are helping, but I think I'm very concerned that we're going to limit our capacity to grow our way out of this deficit, in addition to cutting our way out of it.

**MR. BJERGA:** One final question on ethanol because it's such a fascinating topic.

**SECRETARY VILSACK:** Because you cover it.

**MR. BJERGA:** A lot of people have questions about ethanol in here as well. I think it's the crowd we're talking to today. That \$15 billion limit that'll hit, I think, around 2015 or so, there's already a cellulosic other type of feedstock limit component that is put in there. It tends to get waived every year because the capacity of the industry isn't quite up to that point. When that 15 billion comes in a couple of years, and corn continues to be productive and U.S. farmers continue to have bumper crops, are we going to start hearing people say, "Well, we don't really need the cellulosic ethanol, there's more corn for it." Is there going to be any discussion on that in a few years? And if not, why not?

**SECRETARY VILSACK:** I don't think so, because I think the key for this industry is to become a national as opposed to a regional industry. Right now, most of what's happening in ethanol production is pretty much located in the Midwest. Our goal at USDA is to make sure that every part of the country has an opportunity to produce bio fuel in the way that is most convenient and efficient and effective for them. So it may be in the northwest to use woody bio mass, it may be in the southeast to use perennial grasses. It may be in other areas that algae is available.

There are tremendous things occurring in this space that are going to lead to new opportunities. I mean, just consider how it is that America built a strong middle class, built the strongest economy in the world. It was because we were in the business of innovation, we were in the business of making and creating things. For far too long, we have been out of that business. The bio fuel industry is one way we get back into that business, and if we get back into it in a robust way, we're going to produce not just bio fuel, but we're going to find that there are a multitude of co-products and byproducts that will arise from this production process.

Let me give you an example. In Shenandoah, Iowa, there is a facility that's producing ethanol the traditional way, corn-based ethanol. There are three components. When the corn goes in, there's protein, there's starch and there's CO<sub>2</sub>. The starch basically is used to produce the fuel. What do you do with the protein? Well, you may get

livestock feed, which is helping the livestock industry. A third of the corn crop actually comes out-- or the ethanol production process actually comes out as livestock feed.

What do you do with the CO<sub>2</sub>? Well, this company decided they were going to use the CO<sub>2</sub> with heat from the production process and reclaimed water and produce algae. They get to harvest algae every day through a sort of vertical and horizontal farming. So you'll be able to, on a small number of acres, have a tremendous crop of algae that can be used as an aqua culture feed, can be used for cosmetics, can be used also as a feedstock for fuel. There are 30,000 different kinds of algae. I mean, these are unlimited circumstances and opportunities.

The formula that the President has established to rebuild this economy is a relatively simple one. The government will spend less, but spend wisely. We will have an economy that once again makes, creates and innovates. And because we will make and create and innovate things that have never been made or created or innovated before, we'll be able to export that opportunity to the rest of the world and we'll be able to through those exports to create wealth in this country.

It has worked in agriculture. It has worked in agriculture. Less debt in agriculture, more productivity, larger exports. Today, we're looking at income levels that could be the highest that they've been in quite some time.

**MR. BJERGA:** We had a lot of questions about conservation and the environment. Just to combine a couple, local and international, first, what is the role of the current suite of conservation programs toward feeding tomorrow's population? And secondly, what if any strategies are the USDA and other world agriculture leaders pursuing to preserve enough arable land for food, given population growth?

**SECRETARY VILSACK:** Well, conservation is about preventing soil erosion and improving water quality. And we're beginning at USDA to take a look at how we use our conservation programs within the suite of conservation programs, and beginning to assess how well we're doing in terms of soil erosion and what we're doing about things getting into the water that makes it more complicated to conserve and preserve water.

What we're finding is that farmers are voluntarily embracing conservation, we're finding that conservation is making a difference with soil erosion being reduced, less pesticides and chemicals getting into the water, but there's more work to be done. And what we have found is it's important and relevant in terms of water quality in particular that we combine a suite of conservation practices, not just rely on one single conservation practice, but utilize a suite of practices.

And secondly, that they must be combined for biggest effect with nutrient management plans. When you combine those two things, you see the largest and most significant gains. We've assessed this in the Chesapeake Bay area, we've assessed in the upper Mississippi, we're now doing an assessment in the Great Lakes area and I think we're going to find that message to being constantly supported.

So conservation is really about preserving the quality and the capabilities of the soil. And we're working with our international partners to make sure that conservation is part of the discussion, the training and the education that we are undertaking with Feed the Future and with our agricultural efforts in other countries. We don't want productivity to be at the expense at the richness of the soil because if the soil isn't rich, it'll stop producing.

**MR. BJERGA:** We are almost out of time, but before asking the last question, we have two important matters to attend to. First, to remind our audience of future luncheon speakers. Tomorrow, Brent Scowcroft, the former National Security Council Chair under President Ford will speak at the annual Gerald Ford Journalism Awards here. On June 24<sup>th</sup>, we have Sheila Bair, the Chairwoman of the FDIC talking about the federal response to the financial crisis. And on June 30<sup>th</sup>, Gary Sinise, the Oscar-nominated actor, will announce the formation of his foundation, which will be a charity dedicated to raising funds for charities supporting the military.

Second, I would like to present our guest with the traditional National Press Club mug.

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

**MR. BJERGA:** How about a round of applause? (Applause) Since you're a three-time speaker now, you can start handing them to your children when you have breakfast. I'm sure they will appreciate that.

Final question, one of the bigger stories involving USDA in recent weeks was, of course, the release of the My Plate food icon, replacing 19 years of pyramids in various forms. If you haven't seen it, it's a plate with different portions symbolizing-- I think it's grains, proteins, fruits and vegetables. And fruits and veggies are half the plate and then you have your grains and proteins.

**SECRETARY VILSACK:** Dairy.

**MR. BJERGA:** And dairy on the side, yes. There's this cup of dairy that's on the side. But then next to that, there's this fork and there's nothing assigned as a value for the fork. And so my final question for you, Mr. Secretary, is what is the symbolism of the fork? (Laughter)

**SECRETARY VILSACK:** Well, Alan, it's what we use at USDA to eat with. I don't know what you all do at Bloomberg News. (Applause) Having said that, the My Plate is a great opportunity for us to send a very concrete, simple message to folks about portion size and the importance of a balanced, nutritious diet, which this country obviously really needs to pay attention to.

**MR. BJERGA:** Thank you, Secretary Vilsack. (Applause) And thank you to you all for coming today. I would also like to thank the National Press Club staff including its library and broadcast operation center for organizing today's event. You can find more information about the National Press Club on our website. And if you'd like to get a copy of today's program, please check out our website at [www.press.org](http://www.press.org). Thank you so much for coming here today. This meeting is adjourned. (Sounds gavel.)

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