

**Remarks by Nancy C. Pellett  
Chairman and CEO, Farm Credit Administration  
Celebration of 90th Anniversary of the Farm Credit System  
Staunton, Virginia  
July 17, 2006**

Thank you Dr. Vettel.

It is an honor and a pleasure to be here today to celebrate the 90<sup>th</sup> anniversary of the signing of the law that created the first banks of the Farm Credit System. And what a wonderful place to celebrate – in the hometown of President Woodrow Wilson, who signed the Federal Farm Loan Act. And it is also an honor to be here with Chairman Goodlatte and Secretary Conner, and all the members of the House Agriculture Committee.

As we celebrate the founding of the Farm Credit System, it is important to remember the role and the contributions that this cooperative system has played in the development of agriculture and rural America. There has been substantial growth – not in the numbers of associations or banks because they, like the number of farmers, have decreased. But in terms of volume, there has been vast growth and change.

When I think back to the early 1900's, in President Wilson's time when agriculture was so different, I marvel at the way things have changed. This was the time that my German ancestors came to this country, settled in the German community of Walnut, IA and began work as farm laborers. And labor they did! But, 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. Many farm families now enjoy lifestyles more similar to their suburban counterparts.

Today we celebrate the past and recognize how far agriculture and specifically the System have come, but for me it is even more exciting to look toward the future. At present, U.S. agricultural production is acclaimed worldwide for its efficiency and effectiveness. Innovations in mechanical applications and genetics enabled U.S. farmers and their agribusiness partners to furnish not only the United States, but the world, with high quality food and fiber.

But new needs and opportunities have emerged, such as the whole field of energy sources – ethanol, biomass, and even wind. Those words, with the exception of wind, were not even in the vocabulary in President Wilson's time. Even 20 or 30 years ago, who would have imagined the excitement and demand for ethanol, bio-diesel, and other alternative fuels? Today the Farm Credit System is significantly involved in financing alternative energy, just one example of how the System has adapted to change.

And we cannot even imagine the advances that will emerge over the next 90 years! And my money would be on the fact that the Farm Credit System will be right in the thick of it.

Also, the Farm Credit System's commitment to future service to agriculture and rural America is clearly demonstrated by its Horizons project. The System has also placed a high priority on service to young, beginning and small farmers, service which is critical to the future of agriculture and this country as we look to the next generation.

As Chairman of the Farm Credit Administration, the regulator of the Farm Credit System, I am particularly proud of the work we are doing to reevaluate our regulations and guidance so that we do all we can within the statutory framework to allow the System to serve evolving needs.

Now, as we celebrate the 90<sup>th</sup> anniversary of the System, I am struck by how durable the System has been. Good governance and integrity have been, and will continue to be, critical to the System's viability as a GSE and a trusted lender to agriculture and rural America. I believe the Farm Credit Administration can make a contribution to agriculture and thousands of farm families by developing appropriate standards of governance and disclosure for System institutions.

President Theodore Roosevelt's letter creating the Country Life Commission, whose report influenced the 1916 legislation that President Wilson signed stated, "No nation has ever achieved permanent greatness unless this greatness was based on the well-being of the great farmer class, the men who live on the soil; for it is upon their welfare, material and moral, that the welfare of the rest of the nation ultimately rests."

Ladies and Gentlemen, in my heart, I believe this is true in 2006. The security and well-being of our country still depends on the strength of our agricultural economy and rural America. The welfare of this nation still rests on the material welfare and moral fiber of those who live in rural America. And, ninety years after its creation, the Farm Credit System continues to be necessary and relevant, particularly through its service to young, beginning and small farmers and its investments in rural America.

Farming, agriculture, and rural America have always been, and continue to be, dynamic. There is great change and much uncertainty; but that creates great opportunity for those who are innovative and creative.

As the Farm Credit System looks to the future, FCA will do the same. We will work to preserve the safety and soundness of the System so that it can continue to fulfill the mission Congress gave it and remain the same trusted resource for agriculture and rural America that it has long been. Thank you.