

Thank you for inviting me today to speak to the Ag Aware Luncheon. To Blue Diamond, today's special thanks for making this event an annual success. Supporting young people who have an interest in agriculture, especially those in the FFA, is vital if we are to sustain our heritage and develop the farm team that will continue to support the industry in our region.

When polled, more of the people in this region agree that job creation and economic development are the number one concern of this area. With national unemployment at 5.7%, the unemployment rate in this county remains at an alarming 9.9% rate and that of the San Joaquin Valley as a whole is at 14.4%, two to three times the national average.

Current economic development theories talk about clusters. For those of you who may not know the term, industry participants in any single sector tend to organize in groups that contain both primary performers—the visible activities that define the group. In Hollywood, the movie cluster is defined by the movie producers—the big guys like MGM, Disney, and SKG Dreamworks.

In Silicon Valley, a cluster is formed around HP and IBM and Apple. What makes a primary industry like movie-making or computer development/manufacturing into a cluster is the presence of an entire array of secondary or supporting businesses—for movies it is the costumers, the stunt men, the animators, the film distributors, the advertisers, and the dozens of other related businesses, who exist to support the film-makers. For the technology industry, it is the designers, the packagers, the distribution companies, the system engineers and the myriad of other businesses who exist because they provide for the needs of the primary industry—computer technology development and manufacturing.

What if I told you about an industry cluster that was interested in our area and generated \$1.5 billion in annual income and would provide an economic base—generating jobs and revenue every year, as opposed to extractive or transitional industries who have to keep moving to survive, and provide no continuing revenue or return over time.

And what if I told you that this industry had the additional benefit of costing very little in terms of public services—in fact public service costs to service this industry are about 25%--one quarter of the cost of serving a similar sized area of urban development.

And furthermore, what if I told you that this industry and its related cluster businesses provided more than 65,000 jobs to its home area, its county? These jobs covered a whole range of activity from entry level, up to and including business and professional positions at every level, R & D, creative, scientific and financial management, as well as global access and international marketing?

And what if I told you that this industry—this cluster—that provides 65,000 direct and indirect jobs, in fact was a robust 12% of the employment in the area, and \$1.5 billion in annual income wasn't always valued in its home town. It was often taken for granted, and sometimes ignored and distained, called out as unsophisticated, uninteresting, and

unimportant—so much so that the entire industry was considering relocating to a more hospitable locale, where it would be more appreciated and valued...maybe even moving offshore to South America or China.

I am, of course, talking about agriculture—the foundation and base of this Valley's economy. The Great Central Valley of California is one of only seven places on the face of the earth that provides the soil, the water, and climate that can produce 350 different crops and agricultural products that are known in our area. We are blessed with the multiple benefits of this amazing industry. Not only is agriculture an important economic engine and job resource for this community, it provides enormous benefit in dozens of other ways—the oxygen generated by chlorophyll in the leaves of the orchards and vineyards helps clean the air, the fields provide habitat and recharge the water table. Agriculture provides opportunities for tourism—as thousands of people visit farms or dairies, or travel throughout the region to see the Blossom Trail or attend one of the hundreds of food related festivals in the region—the Asparagus Festival in Stockton, the Bean Festival, the Chocolate and Wine Festival, the Garlic Festival. There's a Festival for fruit and nuts, for peaches, apricots, and if you can't think of any one specific—you can call it the Harvest Festival like they do in Hughson.

But tourism goes way beyond food booths and blossoms—it can be big business: The International Ag Expo, held in Tulare County each year, brings shoppers from virtually every country in the world – more than 35,000 visitors arrive in February to look at the latest in farm equipment and technical innovations. Right here in Stanislaus County, on just about any night of the week, you will find visitors from around the globe staying at the Doubletree, so they can do business with the Almond Board that provides marketing and access for the global customers of the enormously successful local almond industry. Walnuts, pistachios, almonds, chickens, cheese and great wine—all bring buyers and customers into the Valley. Agriculture is an industry that we can't afford to ignore—it supports hotels, the travel industry, restaurants, quick print shops, laundries, mechanics, marketing and distribution. The list goes on!

And we can thank ag for flood management, for on farm energy production, and for wildlife and habitat management. And perhaps most important—it provides food and fiber for us and for the nation. As we struggle in this country to find energy resources to reduce our dependence on foreign oil, I wonder about our increasing tendency to outsource our food supply. Some economists are predicting that based on current trends, the US will be a net importer of food within a few years. In fact, if we think the Chinese are tough to negotiate with over Taiwan, imagine negotiating with China if they controlled a substantial part of our food supply?

Agriculture is too often seen as a third world venture, employing itinerant farmworkers, paying subsistence wages, and taking up space until something better comes along. Nothing could be further from the truth:

Agriculture is about innovation. Right here in Stanislaus County John Ilimeni at Patterson Frozen Foods invented the process by which fresh produce could be frozen to

provide high quality fruits and vegetables to the GIs in WWII—and spawned an entire industry that serves the world (and eliminated the need for me to eat that yucky green stuff called “canned spinach”). There are dozens of patents on farm machinery and manufacturing equipment that were created to meet a specific need in the farms and fields of the Valley. There are GPS systems on tractors and computers regulating water and pesticide applications, and laptops on top of pickups hoods.

Ag innovation is not just an historical artifact: it is a vital and important part of today’s agriculture. In Fresno County, there were more than 200 businesses working on some part of irrigation and water systems – some were manufacturers of PVC pipe and timers, and others make high tech filters and design large scale irrigation systems. Those businesses organized into a cluster just a few years ago, and are now well on their way to becoming *the* Global Center for Irrigation Technology and Research. Marketing teams are going to every continent selling the technology and applications that are being developed here in the San Joaquin Valley, and Congress, recognizing the importance of water here and across the globe, provided money to design the global Irrigation Technology Research Center at Fresno State. John Deere Tractors has a special division, located in San Joaquin County that specializes in the development of new applied technology systems that track product from grower to grocer – just to support tomatoes, and we at the Great Valley Center are working with UC Merced on the feasibility of creating an AgInformatics Research Center that will combine the technology research and development competency that sustains Silicon Valley with the innovative opportunities of the food and agricultural industries, to ensure that Agriculture will be competitive, maintain its leadership position, and be equipped with the best and most efficient systems in the modern world.

Not all the innovations are technical – there are new varieties of food, cropping practices that require less chemicals and pesticides, and nutritional enhancements that couldn’t have even been imagined just a few years ago. Researchers and scientists are working with agriculture to develop nutraceuticals – foods that can be eaten to provide the health benefits that now come only with artificial chemicals and expensive prescription drugs. Imagine shopping in the market where one section of fresh produce provides benefits to diabetics, another to high propensity Alzheimer’s victims, and yet another group of fresh fruits and vegetables will lower high blood pressure. We will be able to get all the benefits that we now ingest in pills and potions by eating our broccoli, corn and potatoes!

When I was in local government, we were often perplexed by the economies of scale – the desire for greater consolidation to gain greater efficiency, while at the same time acknowledging the human preference for things that were small and approachable – small political jurisdictions, small schools, cohesive neighborhoods. I had a great AHA! Moment one day when I realized that we had to figure out how to get bigger and smaller at the same time! I think that same conundrum is now presenting itself to Agriculture – and I predict this will be one of the most interesting challenges yet to confront local growers and producers.

How can we provide for a global food system and at the same time give people a feeling of connection to their food and to those who produce it? If you believe David Brooks, who wrote the new book “Bobos in Paradise” (a Bobo is a bourgeois Bohemian, and the author alleges, the Bobos who used to be the sort of lovable outsiders (early beatniks), now have money and are driving consumer choices and preferences. Bobos have high expectations about the safety and sources of their food. Increasingly, upscale restaurants who serve the trend setters and early adapters will provide the name of the family who produced the menu items – Nieman Ranch Pork, Fiscalini Cheese, Harris Beef. These are more than brands; they are family names – often families that people know as neighbors and friends from their own area. They carry credibility and the aura of coming from a farm where people take care to produce high quality food humanely, with a personal touch that doesn’t come from the shelves in the big chains and major markets. Niche markets – small markets are more and more important in agriculture. Specialty foods are produced in relatively small quantities and will never serve mass markets, but 5% of the huge California food market is a pretty hefty amount, and it shouldn’t be ignored. With all the diversity that is beginning to characterize our cities and states, the food products that are offered must meet the expectations and cultural traditions of all our residents more opportunities for niche markets. We have grown used to soy sauce and black bean paste next to jalapenos and nopalitos, but we are still learning about mung beans, tofu and edamame, most of which can be found in every major supermarket in this community even if they are not part of our personal diets. Sysco Food, one of the world’s largest distributors of food to restaurants and their suppliers now carries 115 kinds of flour – because their customers demand them.

So if we are to believe the trend setters – the early adopters – people want more information about their food. They want it to be safe and expect that it will be healthy and well cared for. They want assurance that there is minimal risk from pesticides or other contaminants – (haven’t you noticed the TRIPLE washed lettuce in the bag?), and *if it is local and grown by someone we know of or about – so much the better*. Even the fast Food industry is beginning to catch on and offer new options – salads at McDonalds didn’t become part of the menu at the whim of some PR firm, they appeared and have become a mainstay because the consumers want a fresh alternative to a hamburger. And if you travel in Oregon, you might have a chance to eat at “Burgerville,” where in addition to hamburgers and fries, you can get a turkey burger, and whatever local produce is fresh and available. The Odwalla Onion rings are fabulous when they are in season – as is the fresh halibut fish and chips offering when local halibut is plentiful on the Coast. And if you are lucky enough to travel to Vermont, try out the Farmer’s Diner that offers only local produce, in season, and buys all its beef and pork from local growers. Not only do they have a growing and very loyal clientele, they also support local farmers and growers, and keep agriculture healthy in their community. I am often told that the ag in Stanislaus County isn’t sustainable because there are too many small farms and the cost of ag is increasing, but there are lots of opportunities for all of us to capitalize on our own access to some of the finest food stuffs in the world to support local farmers and producers and ensure the continuing economic benefits that came to the region from ag, to ensure that the quality of life, the beauty and the heritage of our area continues.

So my message today is that

- Ag is important – as a job producer, both directly and indirectly providing more than 65,000 jobs in this county alone.
- It provides benefits on and off the farm
- It is innovative, inventive and an important part of the technology revolution
- Ag is constantly changing to meet the needs of the consumers and the marketplace
- And we should understand and support AG's response to new markets, niche markets and new opportunities

And most important of all—ag is part of our heritage here in Stanislaus County – and we dare not take it for granted. We want to make sure that students have ag jobs and opportunities to come home to and from college. We should value it, build on it, and make sure that as this Valley grows and changes we make sure that Ag is not just part of our past, but part of our future as well.