

Opening Remarks

William Muse, Chancellor, East Carolina University

Good morning. I am delighted to have this opportunity to extend a welcome to all of you to this very important conference, and we are delighted that you have taken the time to join us in this discussion. As the principal institution of higher education serving the tobacco dependent regions of Eastern North Carolina, East Carolina University is committed to working with rural communities, farmers, development planners and practitioners, as well as others in the academic community to achieve integrated rural development in our region. Under the auspices of our triple mandate of teaching, research and community service, our Department of Geography has implemented a rural development initiative. The mission of this initiative is to improve significantly the leadership, the decision-making and service delivery effectiveness of development institutions serving the needs of rural communities in this region. It remains a common goal of these institutions, and that of the university, to improve the welfare of all residents of the tobacco dependent counties in this region.

This rural development initiative of our Department of Geography currently comprises three interrelated and mutually reinforcing components, and I would like to describe for you briefly what those components are. The first is graduate education in rural development. The Department of Geography has developed a concentration in rural development within its Master's degree program and is initiating the development of an interdisciplinary graduate certificate in economic development. The purpose of the new concentration and the certificate is to provide high level training to mid-career rural and community decision-makers and practitioners, to economic development specialists, to public administrators, to human

service providers and to extension agents.

The second component of this initiative involves participatory research into rural development initiatives in the region. The ECU rural development research cluster is currently collaborating with two area groups on projects that are intended to promote rural economic development. The first is with the Carolina Kenaf Farmers Foundation, to introduce kenaf, a fiber crop, to the region in a manner that is linked with farmer-owned value-added businesses. This effort at creating a bottom up vertically integrated industry, with farmer equity control, we feel holds strong potential for revitalizing the family farmer in the tobacco dependent counties in this area.

The second is an economic and cultural analysis of visitors to Grifton's Shad Festival. Community festivals are an increasingly common phenomenon in the United States—in fact it is estimated that there are approximately 32,000 festivals a year by the last count. The rural and urban areas that host these festivals hope that they will generate some economic benefit through the money spent by people attending. But it is also hoped that festivals will produce some intangible benefits, such as greater community identity as well as a sense of pride and a sense of place. Our faculty and graduate students are collaborating with organizers of the Grifton Annual Shad Festival to assist city officials in estimating the economic and the cultural impact of this festival as a development and as a place promotion tool.

The third part of the initiative is that of integrating and coordinating the region's rural development dialogue and agenda. The Geography Department seeks to facilitate meaningful dialogue and exchange of information among the disparate rural development stakeholders in the region; this includes farmers, farm workers, community members, development

practitioners, decision-makers, politicians, agricultural entrepreneurs, non-governmental organizations, community colleges and other academic institutions. This conference is the first step in facilitating such a dialogue and exchange of information. It is our hope that this forum will not only serve as a venue for exchange of information, but that it will also coordinate existing rural development strategies and develop new ideas for the future. ECU hopes to bridge the gap that typically exists between applied rural development practitioners and more theoretical academic researchers, to develop more synergistic and ultimately more effective ventures in rural development. In addition, the ECU Geography Department will document the proceedings of this conference and disseminate the results to both rural development and academic communities as practical material and as academic publications. So we are delighted to be a participant in this very important conference and are very pleased that all of you could join us for this dialogue. Thank you.

**Valeria Lynch Lee, President,
Golden LEAF Foundation**

Thank you very much for giving me this opportunity to say greetings and to say welcome. I am also obliged to say that I am glad that so many of you are here as grantees of the Golden LEAF Foundation. When I think about our brief history and see so many of you that I have developed relationships with over this past year, I am really honored to stand before you. I see in the audience our Board Chair, Lawrence Davenport. I know Debbie Morely is either here or on her way, and you will be hearing from Billy Ray Hall later in the day. All are hard-working board members of the Golden LEAF Foundation, and whom I hope you will also get to know.

Chancellor Muse, we are honored that East Carolina has taken this leadership role for rural development in our part of the state, and I think it is more than just our part of the state—it is

really a leadership role worldwide. The lessons that this university teaches us will be of great value to all throughout the world. Now, I have moved from Eastern North Carolina to a more global context because that is the part of the future that I think we have to be about. I do look forward to learning more about your efforts to indeed ‘cure’ the future. Implied in that right now is a future that is going to be rather dismal and ill unless you do something about ensuring that it is healthy and well. So, again, I am grateful for your effort to make certain that we do have a healthy future and indeed are working even now to ensure a healthy present.

One of the remedies that I would like to think is available to you is the Golden LEAF Foundation. So if I might, I would just take a moment to say a little bit about what we are doing and how we are progressing, at least in my view, in helping to ensure a bright future for us all. Our primary aim is coming up with options and alternatives, to assure that those who want to stay in farming have a choice of doing so; likewise, we want to ensure that, for those who want to engage in other kinds of economic activities and ventures, there will be a choice. So, we are of a mind that the grants we make should be about providing options, opportunities and hope, and we are in support of initiatives in agriculture, economic development, education, and community building. That is the way the Golden LEAF is looking at your work and our work, investing in programs like yours to ensure a better future for North Carolina.

I know that many of you have questions about what our current status is. We have received about \$188 million in payments from the tobacco settlement. Much of the way those funds are invested carries out the mandate of the General Assembly to use earnings from those payments to invest in programs like yours. So we encourage you to continue doing good works, to be in touch with us, and we really do want to be a partner with you as you are partnering with each other to make sure we do have a bright future in North Carolina. I am

sure we will be hearing from many of you. Contact me, Mark Sorrells, or any member of the Board or staff of Golden LEAF, and we will do our best to make sure that we understand your intentions, your efforts, and that we are able at least to support as best we can those initiatives that will make North Carolina, Eastern North Carolina, and yes, the world a better place. Thank you very much.

**Meg Scott Phipps, Commissioner,
NC Department of Agriculture and
Consumer Affairs**

Good morning everyone. It is really great to be here and to see quite a few familiar faces—people that we have been partners with in the Department of Agriculture. I am worried, though, that we are not getting any work done because we are just going to a lot of meetings. My daughter said to me one day “Mommy, all you do is speak and eat,” and I think in a lot of ways that is true. There is so much work to be done in agriculture, and I can tell you that the folks in the Department of Agriculture are committed to that effort. These issues that you are working on are very important to us in getting ready to be a part of 21st century agriculture. Since I took office, we have been hit with so many issues that were not even on the radar screen, and that really drain the resources and the time that we have. But I can tell you that the people that we have worked with—the other state agencies, USDA and in Washington—are truly committed and spending a lot of time on these issues that are so important to agriculture.

It is amazing to me that we must still educate the public in North Carolina, and get out the message about the importance of agriculture to our state. Agri-business is still our number one industry. In fact, it represents about \$46.6 billion to our economy. Tourism is number two, and it brings in about \$12.8 billion. That is a huge difference, yet our department represents only less than one-half of one percent of the entire state budget. It is not much when we are

trying to provide those services that we need to provide to the people of North Carolina, and especially to tobacco-dependent communities.

Where is tobacco today? When I go to meetings around the state, there is a lot of excitement in some of the other commodity groups—in their association meetings. When I attend a tobacco meeting, you can still see the frustration, the depression, the worry that is on these folks’ faces, and the future of tobacco obviously is very much a concern not only to those folks but to everyone else in agriculture-related businesses that are impacted by tobacco. In North Carolina’s history, you know that no other single commodity has had such an impact on this state. The income that has been generated, that has benefited the families, the communities, the churches, the hospitals, is so important to us. But despite tobacco’s strength and stability in the past, the agricultural leaders in this state want to recognize the change that has come, and is still coming, to tobacco.

Back in 1964, when commissioner Jim Graham took office, tobacco represented about 46% of North Carolina’s agricultural income. Today it represents about 14%. It used to be our number one cash crop. Today it has slipped down to number four. We have now in the last ten years transitioned over to an animal agricultural state. Animal agriculture brings in more dollars to this state than our field crops, and our department, our state, and our allocation of resources have to recognize that. Despite this, however, tobacco is still critical, and is very important to our rural communities and those families who have farmed that crop for so many years. The reason it is still a very important crop is that we still grow the best tobacco in the world. We want to continue to grow the best in the world. Companies want our tobacco, the foreign markets want our tobacco, and the bottom line is that no other commodity in our state generates the same amount of income per acre that tobacco does. We have grown tobacco for hundreds of years, and we are going to continue to grow tobacco

for a long time. I do not believe that tobacco is dead in North Carolina. But we have to help these farmers do what they need to do to be able produce that tobacco. We also need to allow them the opportunity to look at the alternatives that they can grow.

North Carolina is actually number three in the diversity of crops that we produce. That is pretty impressive. We rank behind only California and Florida in the number of commodities that we produce in our state. And, we are going to make sure that we can move up to number two if at all possible. People do not realize that we are number one in the country in sweet potatoes, and we are number one in the country in turkeys, and those things are very important to the people in this state. Our department is very committed to helping farmers continue to grow tobacco, but also to look at those alternatives to find new income to replace the income that they have lost from quota. We have great partnerships with folks in this state, with NC State, North Carolina A&T, and especially with extension. I am very concerned about their budgets, because we need these folks out in the field helping the farmers, and when they have their travel cut, they are not getting their work done, but instead sitting behind their desk. We need to make sure that those folks are getting the resources they need to do their job, because we in the Department of Agriculture need them. These partnerships are very important to us, and we want to make sure that they do continue.

Just talking about tobacco, in cash receipts alone North Carolina tobacco farmers have lost about \$400 million annually since 1997. In five years that is more than \$1.5 billion in cash receipts. That is a direct hit on our rural economy and on our rural communities. There are many issues facing us with respect to tobacco: the impact of the increased growth of tobacco in other countries, and the competition we face because of this; the problem of price competitiveness in comparison with other countries; the movement to contracting in tobacco; the

introduction of GMOs into tobacco—we have been working very hard to be a part of all these transitions taking place just in the last couple of years. Just yesterday, I came back from Washington where DeWitt Hardy, who is head of our Division of Ag-Policy, and I handed our proposal for a tobacco buyout to Senator Helms and Senator McConnell of Kentucky, to show them that we are now all on the same page and working on the tobacco buyout plan. It is now in Congress' hands to make sure we get this done.

The buyout plan that we have proposed is very general because we know there is no need for us to battle over the details—because that is what Congress is going to do. We just want to see that it happens. We want to make sure that those folks who want to get out of tobacco are able to do so with some income, a check in their hand, something for the value that they have in that quota that they have held these years. Some people think of the quota as just a gift from the government back during the early years. Some suggest that farmers should not be paid for it. Well that is just ridiculous. That quota has a property value. It is used in farmers' cash flow when they go to the bank. It has a value to the next generation. We want to make sure that these farmers and allotment holders will get some money for that, because it is my belief that the way the system is going, the way the industry is going, the tobacco program is going to be gone, and that quota will not have a value within eighteen months or two years. So we have to make sure that this happens now. It is on a very, very fast track. It is important to get that quota out of our tobacco price, so we get the price down to where it can compete on the world market. We are going to continue working very hard on the tobacco buyout plan.

One of my main objectives during the past year was to begin working on the concept of the Agri-Business Incubator. This would be a system in North Carolina to help our growers—not just tobacco growers—develop the ideas

that they have to add value to the raw product, to get more income into their pockets. We have got to help small farmers and minority farmers, by providing opportunities that they do not have right now—access to markets, packaging, labeling, transportation, business plans. We want to be able to help them to make that transition. We are in a consumer-generated farm economy. What we do is generated by what the consumer wants. This affects, for example, the small farmer who says “you know I like strawberries, I’ll think I’ll grow some strawberries.” He has got to think about the end product, about what the consumer wants. McDonalds, for example, is at the point of driving what our beef industry is going to do. So we have to think about the consumer, rather than just having the farmer say, “I’m going to grow something that I like to grow that will work in my soil.”

So, we are moving forward in North Carolina with a lot of different things. One thing that you have heard a lot about is aquaculture. That is an industry that is really growing for us. Farm production can help the effort to meet the new demands for numerous types of fish in this state, such as catfish, tilapia and trout. Our researchers at North Carolina State are working to develop farm-raised flounder, which is a new thing that a lot of people are interested in. It may offer many opportunities for farmers. We have people who have hog houses and chicken houses, and who are looking at

other ways to use these. We can put the big fish tanks into those hog houses if we can figure out how to do it cost effectively. A lot of good ideas, but we have got to be able to help folks learn what they can do, and where they can go for those resources.

No single person has all the answers to these complex issues, and there will not be a ‘one size fits all’ answer or alternative. We must bring our ideas all together to the table and talk them out and come up with the best way that we can do this cost effectively to these growers. A lot of things are just too expensive, and I will not even mention the environmental side of things. But, together we can create a positive change, and I use that word positive because it is so very important for us to keep a positive image for North Carolina agriculture, for our farmers to be proud of being farmers. We have got to put that white hat back on them, so that they hold their head high when somebody asks them what they do and they say “I am a fish farmer” or “I am a tobacco farmer in North Carolina.”

I want to thank all of you for being a part of this program. I know some of you out there are speakers for the next two days, I really appreciate the Golden LEAF Foundation and East Carolina University for taking this on. We can get a lot of talking done but let us get some work done out in the field. Thank you very much.