Thank you, Emery, for that kind introduction. Our panel has been asked to summarize the conclusions we can draw from this conference. First, I want to thank the Kansas City Federal Reserve Bank for putting on this important conference. It is not only an important subject but also very timely. Second, my remarks will address financing expanded economic activity in rural America, not bank liquidity or different ways to finance today’s business.

I believe Dr. Barry’s analysis does not indicate there is a widespread rural liquidity problem. And in the isolated cases where liquidity problems may exist, community banks have access to Farmer Mac and the Federal Home Loan Bank. I believe the real issue for rural lenders is how do we bring capital for new economic entities in rural America that will bring jobs and improve the quality of life in rural America?

As I reflect on the excellent presentations made here today, I heard one overriding theme—the world is changing and we as rural lenders must change or risk becoming extinct! If I have one criticism of our discussion today, it is that there has been too much discussion on how we survive as lenders in a changing economy instead of how we can help our customers become more successful. If we have growing, vibrant, and satisfied customers, we won’t have to worry about our own survival.

Rural lenders and rural America are dealing with three very powerful forces in the marketplace:

1. The globalization of markets.
2. The application of new technology in our industry.
3. The changing role of government in our society.

While governmental action may alter the timeline of these forces, it cannot alter the magnitude or direction of change of these forces.

With this in mind, I would make the following points concerning rural capital markets:

1. There is a capital gap emerging in rural America, but it is more a gap of capacity and skill than it is of access to capital. Meaningful rural economic projects often require capital of $1 million or more. As rural businesses (agricultural and nonagricultural) consolidate, larger amounts of capital are required. Most community banks don’t have the financial capacity to handle these projects and the Farm Credit System doesn’t have the authority.

2. Rural lenders must work together to bring capital and skills to the rural economy. No rural lenders have more at stake in this issue than community banks and the Farm Credit System. Community banks and the Farm Credit System must work together to grow the economic pie instead of fighting over how to divide up the pie.

3. A strong working relationship among rural lenders must be based on a mutual business need, not driven by a Washington-focused political
strategy. This can begin with loan participations, syndications, and the purchase of whole loans.

4. As Dr. Brophy indicated, there is a place and a need for venture capital in rural America. The challenge is to identify profitable projects that can attract capital. Rural lenders should consider joining together to establish venture capital firms focused on rural economic development.

In conclusion, the world is changing, the financial services industry is changing, and rural lenders must change. The banking models of the last 15 years will not work for rural America in the 20th century. As one panelist put it, “It isn’t just the money!” To succeed in rural America tomorrow, lending institutions must have capacity, skills, and information, in addition to money.