

- Good Morning. Welcome to St. Paul, the Capital City of Minnesota. I know we have a lot of distinguished visitors here from throughout Minnesota and from our neighboring states, Wisconsin, Iowa, North and South Dakota.
- Governor Ed Schafer of North Dakota - I appreciate your courage for coming here. I know I saw a few bumper stickers in the parking lot that said, "My Governor can Beat up Your Governor." Don't worry. That doesn't mean I will beat you up, it only means I could if I wanted to. I don't want to. Today we're on the same team.
- We also have some special guests here from the Federal Government in Washington D.C. I understand that you are here to listen, today. That's good. I like it when the Federal Government takes the time to listen to how the farmers are doing here in the upper midwest. I saw a bumper sticker that applies to you, too: "Think Globally, Act Locally." But in this case I think it needs to be changed around. For our purpose here it should say, "Think locally, act globally." We want you to keep in mind our local concerns as you go to the global conference to discuss trade issues in Seattle this Fall.
- I'm not here to talk about how Minnesota is doing versus North Dakota or Wisconsin. I'm here to talk about how we are collectively competing against other nations in the global marketplace with our agricultural products.
- I'm a big believer in self-sufficiency and personal responsibility. The competitive spirit that makes our nation strong grows out of the creative, determined effort of each individual. It all starts there.
- Yet I am also a believer in government responsibility. Some issues go beyond the reach of individuals. That's where the government steps in.
- What it means is that each part of society has its own role, its own responsibility. The farmer has a role, the state government has a role, and the federal government has its role.
- Are the farmers doing their part? I should say so. In Minnesota we've witnessed several consecutive years of record crops. Agriculture is responsible for about one-fifth of our economy. One out of every four workers in Minnesota owes their job to agriculture and related industries.
- With so much productivity, why is there a crisis? Why are some farmers suffering more than they have since the mid-1980's? Because they produce so much that it needs to be sold to other nations. One-third of Minnesota's agricultural product is exported, to the tune of \$2-Billion dollars a year. Two billion dollars!
- 37% of Minnesota's corn is exported - mainly to Asia and Europe.

- 54% of our soybeans get sold around the world - mainly to Asia.
- 35% of our wheat crop goes to the Middle East, Africa, and - you guessed, it Asia.
- The farmers are definitely working hard – but a basic problem is that there are a lot of things going on around the world that are beyond their control. Farmers can't be responsible for the economic crisis in Asia. Farmers can't take the blame for other nations that have unfair trading practices. Decisions made in Beijing and Ottawa can affect how much money a farmer in Waseca or Fergus Falls gets for his crop.
- The Wall Street Journal recently featured a story about how Brazil is rapidly expanding its farming potential. A new project could open up 75 million acres of western Brazil for growing soybeans. That would equal the entire U.S. soybean crop!
- Our problem is not productivity; our problem is how to maximize our competitive edge. If another country figures out a way to match us, then we have to go one step further. Maybe if we lose our market for soybeans, we have to come up with a value-added product made out of soybeans. To compete at a global level we have to make sure our products stand out. Don't forget, we're not only a grain state, we're a brain state.
- What can the state government do about these problems? What is our responsibility? There are a number of things we can do.

1. First Aid

Some family farms are suffering and need help right away. The state of Minnesota is providing \$122 million in tax relief.

2. Investments in Agriculture

We have a number of projects in the works to promote Minnesota agricultural exports. In November I'll be traveling to Japan, our #2 trading partner, in order to build relationships, open markets and promote the products of Minnesota. Our Commissioner of Agriculture Gene Hugoson and his staff are working on long term marketing and development initiatives. We have allocated millions of dollars for this, and we hope that seed money will yield big crops of future profits.

3. Reform

Common sense tells me that if something is not working, the best thing to do is to figure out how to fix it. I am very lucky in having some of the brightest people in Minnesota helping me to solve these problems. I am establishing a "Farm Cabinet" – a think tank composed of some of my commissioners whose departments are involved in these issues: Agriculture, Trade and Economic Development, Revenue, Finance, Commerce and the Pollution Control

Agency. My Farm cabinet is going to analyze all the factors that affect the ability of Minnesota farmers to compete. They will analyze how our farmers stack up to the farmers in other states, and other countries. Then we will start fixing the things that need fixing.

You think I'm tough? Wait'll you see what happens when Minnesota farmers start muscle building. The next bumper sticker you see will say "My farmer can beat up your farmer."

The key idea that will reform agriculture in Minnesota is that Competition means a lot more than just Productivity.

- But what about the Federal Government? How can it help? What role should it play? Uncle Sam, you can go to bat for the farmers. . . . for Minnesota, North Dakota, Wisconsin and the entire Upper Midwest. Our states rely upon exports, more than most other states. We face a global problem - we need a global power: The United States Government.
- We need you to make agriculture a number one priority. We need you to be aggressive about removing unnecessary trade barriers and opening up new markets for our farmers. We cannot let other countries have an unfair advantage by setting up artificial barriers to keep our products out. Above all we must be competitive. We cannot let other countries beat us to the punch.
- I have more to say on this, but I'm going to wait until I visit Washington D. C. in a couple weeks.
- Our farmers and our state government are doing their part. It's now up to the federal agencies in agriculture and trade to get ready to do business in Seattle in November with the World Trade Organization. Your work is cut out for you. Thank you for listening. We will be watching for results.

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