



COMMON SENSE AND REFORM PRINCIPLES FOR AMERICAN AGRICULTURE IN THE NEXT MILLENIUM

(Thank you...)

So what's a kid from the southside of Minneapolis doing here before the United States Chamber of Commerce talking about farm issues? Why not talk about something like:

- Getting an apathetic American citizenry to be involved in government again, like we did with record voter turnout in Minnesota the last election; or,
- bringing creativity and an independent spirit back into the discussion about how our economy will work in this next Century, which is a favorite topic for a guy who knows a little bit about creativity and an independent spirit; or,
- how we absolutely must market America in the global marketplace, which is yet another favorite topic for a guy who used to pack the house in Tokyo when I wrestled there years ago; or EVEN MY CURRENT FAVORITE,
- How the word "tripartisan" has replaced "bipartisan" very successfully in Minnesota, breaking the "1" to "1" tie in favor of the taxpayers and common sense reforms that are long overdue.

Today, I chose to talk about agriculture because it allows me to talk about all of those things, and do so at a critical time when Congress and the President are considering key decisions that affect the future of my state...and every other.

(Pour a glass of milk and have a drink).

Rest assured, it's not easy packing milk in carry-on luggage.

But that's exactly what I did for this two-day trip to testify on dairy issues before Congress, meet with leaders in the House and Senate, talk with Secretary Glickman, and come before this powerhouse room of business leaders.

Drinking milk has been a daily experience for my 47 years, and one that I have taken for granted because milk is cheap and it's everywhere.

That's the legacy of the modern American farmer thus far in our history – no matter what happens to them with nasty weather or nasty political decisions, they stock the shelves with affordable food.

Today, well over nine out of ten people live in cities, far away from the experience of growing food, raising animals, or bringing products to market. In Minnesota, there remains a strong connection to the land because one out of four people works in the agribusiness industry somewhere along the food chain. With employers like Cargill, General Mills, International Multifoods, Archer Daniels Midland, Crystal Sugar, Hormel, and many others headquartered there, Minnesota's connection to both the family farmer and the international marketplace is very, very strong.

My own personal connection to the land involves overalls, work gloves, and boots for jobs on the 32-acre farm where my wife trains horses. Long before she was First Lady, Terry



felt a strong commitment to family farming. During the campaign last year, we traveled together and talked with many farmers who had become cynical about government.

It bothered us both that time and again, these farmers would talk about silos full of grain with no buyers anywhere in the world. They would talk about the failures of federal Farm Bills. They would talk about going out of business.

We would drive down the road and see empty farms. Not surprisingly, when we would get to the next town, you could see it on mainstreet, too. Implement dealers closed. Car dealerships gone to the next biggest town. Small retail shops empty.

It's all a series of repercussions.

Sometimes it's a string of bad weather. Floods, droughts, and other things beyond our control.

But often as not, it's politics.

The people watch the flurry of activity from Washington to respond to yet another farm "CRISIS." The people watch, year after year, while political "bail-outs" fail to have a lasting impact. The people watch the same flurry from farm capitals like St. Paul, where just two months ago the Minnesota Legislature passed a huge, one-time farm relief package for every farmer in the state.

This truly was the Legislature's bill. I wanted a much smaller amount of money set aside for targeted relief over a period of three years. That's a tough position to take in a time when people are hurting. In the middle of that debate, I sat in a kitchen with a number of farm families who were barely getting by. There were tears and tough stories, no question about it. But there are also farmers, and not very far away, who were having one of the best years they've ever had. Our Minnesota economy continues to boom despite a record eight-year run without a downturn.

The only honest thing to do was to tell the truth – that not every farmer is hurting. For the sake of the taxpayers, it made sense to require those in need to apply for aid at their county offices instead of automatically get a check. But, in the end, the bill sailed through the Legislature on political rails. I let it pass into law without signature as a signal of my opposition to spending all that relief in just one year. We see it all the time, this tendency of politicians to placate the people with a hand-out rather than hold a hard line, say "No," and tackle real reforms that we know, in our gut, need to be tackled.

When politicians are looking at the next election instead of doing the right thing...the HARD thing...that's the pattern we see. I, for one, am convinced that next year will be no better for certain parts of the farm economy. Which is exactly why I am here in Washington for two days.

As Governor, I don't care about politics. I'm after results:

- I believe in an active, involved citizenry – never less than 70 percent voting at the polls in any election. We're well on our way in Minnesota – the people are awake...and we are the better for it!
- I believe the people are best served by a limited, responsive and accountable state government, and I have an appointed cabinet of talented people from all parties and all backgrounds who are busy working on reforms to get the job done.

- And I believe that by government limiting itself to those things that only individuals cannot do for themselves, we promote self-sufficiency...which brings me right back to why we need to reform agriculture policy in this country.

The job of truly improving the picture for farmers will take political courage. The good news is that we have the people on our side. They are ready for common sense and being told the truth.

The Government will not save family farmers...family farmers will save themselves given the opportunity without government in the way.

In order to survive, family farmers need to be flexible and ready for change in this time of international trade.

I was recently on a beautiful farm owned by Jon and Debbie Juenke (YANKEE) of Farmington. They raised hogs for 19 years on 160 acres that has been in the family for four generations. Their operation wasn't working anymore with the change in the hog market. Two years ago, they shopped around for options on contracting just to raise piglets into market hogs instead of having them born right there on the farm. Looking across all their options, they are now in business with 20 other family farms in a successful, self-sufficient operation that sells to Hormel.

Debbie and Jon are the active, involved citizenry I talked about earlier. When I was on their farm, one of their older relatives came up to me – standing in the middle of this vast farmland – and complimented me for supporting the development of light rail in the inner city. I was so surprised to have this woman out of the blue say something like that when we were standing there talking about the future of agriculture. But she got the connection. She'd been to San Francisco and rode mass transit. She said, "If people don't understand this, it's because they haven't had the experience."

The citizens understand that our public decisions are all connected. The establishment of light rail to efficiently move people through our increasing congestion in the Twin Cities helps the Yankee family move their hogs on open roads, and also helps contain the urban sprawl that threatens their farm. It's called "smart growth" and my administration is solidly on board because it's good for everybody, but it's especially good for sustaining agriculture.

An active citizenry helps us make smart decisions, and will support policymakers when they need to make tough ones.

For example, let's talk about dairy policy. It's the most complicated of the complicated. There aren't 10 people in this town who could explain it and make sense to an audience of citizens. That's part of what causes cynicism and distrust. In fact, the more I learn about federal ag policy, the worse I feel for farmers.

It's not about planting, nurturing and harvesting anymore – a guy needs four graduate degrees in marketing, accounting, economics, and then the field they're in just to figure out the whole bag of worms. And you'd better be good at algebra with all these formulas. They're

gamblers, too, playing the stock market. “Locking in today to clear 15% a month from now on the backside.” When I got done with a week of dairy briefings, I told Minnesota’s Ag Commissioner Gene Hugoson “No wonder these farmers don’t have a night life.”

Politicians sometimes guffaw when I talk about my KISS philosophy – Keep it Simple, Stupid – but if we want a citizenry that believes in its government then they had better be able to understand what is going on and why. I learned about KISS from my old drill instructor in the Navy SEALs underwater demolition who taught us how to link wire A with wire B in a way that made sure everybody understood it equally well. There’s a certain wisdom to this basic philosophy that serves me well as Governor, and would serve Congress well as they reconsider the future of these impossibly complex laws that are failing to accomplish their goals and eroding public trust.

For example:

- Who decided Eau Claire, Wisconsin should be the center of the dairy universe? Literally, dairy subsidies are paid based on how far the cow is from Eau Claire, Wisconsin. Unfortunately, we’re not that far away. Governor Thompson is even closer, so I feel real bad for him. But think about this – for 50 years, we’ve stayed with a system that got started when there weren’t refrigerated trucks to haul milk in. The politicians are so stuck trying to make this bad system work that they’ve forgotten to step back and change the very basic premise that the whole thing is built on.

Yesterday I testified before the Dairy Subcommittee and suggested that if they can’t get their arms around wiping the slate clean, they might consider Beaumont, Texas. My staff checked it out and were told – after a pause on the phone – that there aren’t any dairy cows in Beaumont.

We still take it in the hull on distance. We’re Eleven Hundred miles from Beaumont, New Hampshire is Eighteen Hundred, and California is Two Thousand miles. But it’s better than 83.

All kidding aside, this makes me angry. It makes no sense. It’s hurting dairy farmers in Minnesota. Every day, three family farms are going out of business. In the past seven years, one third of all dairy farms are gone in my state.

In addition to the Eau Claire nonsense, we also compete against the regional “compacts” that were set up by congress. Can you blame a public for being cynical about its government when the unfairness of an uneven playing field that is killing an industry in one part of the country was set up by congress to help the same industry in another part of the country?

I was advised last week by the Minnesota Department of Agriculture that the Northeast Dairy Compact is, in fact, failing on its promise to help small dairy farmers. In Vermont, most of the herds that went out of business were fewer than 100 cows.

I don’t mean to suggest that this is entirely due to federal policies, but the outdated federal milk marketing order system has been a contributing factor. Farmers in this day and age also need to be flexible and willing to work together to be successful.



The equation is pretty simple: when something's not working, fix it. That's why America is in a reform era. The heartland is hurting. Regions supposedly protected by compacts are hurting. The people want, expect and deserve better from their government.

Strip away all the two-party partisan politics from agriculture and there is the possibility of a dramatic, new day filled with hope, revitalized rural communities, and profit for families who choose to supply the world with food for the next Century as they have the past.

I said in the beginning that I wanted to talk about three things. I've talked about a newly engaged citizenry. The reform era of agriculture is about the other two: American ingenuity and winning in the global marketplace.

In Minnesota, I've appointed a "Farm Cabinet" of five commissioners: Agriculture; Trade & Economic Development; Revenue; Finance; Pollution Control; and Commerce to identify what stands in the way of Minnesota farmers being competitive and self-sufficient. As this information is available, I intend to share it with my fellow Governors who have also been working hard on these issues.

This is my goal:

*** I want Minnesota farmers to be the most productive, the most innovative and the fastest to adapt to change so that they can compete throughout the Upper Midwest, in America, and Worldwide.***

The Farm Cabinet is tasked to take action on issues like:

- Reforming a regulatory system that works for both the farmers and the environment.
- Reforming a tax system to provide incentives for good investment and success, and doesn't drive farmers out of business.
- Reforming the way we look at the State's role in product development, economic development and marketing to get results.
- Reforming the way we look at workforce development.

ALL these efforts and more are to help everyone who seeks to make a living farming in Minnesota to improve their position. We may not be able to do anything by ourselves about commodity prices, but we will be among the most competitive. We're building MUSCLE.

Ingenuity comes from having the vision to see the connection between our land-grant Universities and the future of agriculture. It is the role of government to support research and the Extension system to get that research into the hands of anyone with the dreams to make it real.

Ingenuity is already changing the face of agriculture in Minnesota. There are farmers in Northwestern Minnesota raising special kinds of soybeans for Japanese customers. Shi*Tah*Kee mushrooms have replaced traditional crops by farmers sensing new markets. Corn growers now haul to ethanol plants throughout the state. Sheep dairies produce cholesterol-free ice cream and yogurt. Exotic goats produce wool worth more than \$9 an ounce. Our Farmers'



Markets in the inner cities buzz with people of all ages buying fresh produce. More and more farmers are interested in keeping control from farm to fork with product marketing cooperatives. They understand that their future is tied to that value-added product.

This is all good for their future...and ours.

What stands in the way of the next wave of ingenuity are federal policies and politics. The people are best served by getting rid of all this government intrusion into the free marketplace and channeling the energy now put into controlling prices into opening world markets.

Let's admit that Price Option 1A or Price Option 1B might better be replaced with Price Option 1C: None of the Above. Let's launch a truly free-market new day in agriculture while still accepting the responsibilities to vigorously enforce the antitrust laws that exist on the books in this country.

We need leadership at the top. I think the President ought to quit talking sanctions and jump on a trade mission to SELL – maybe with some dairy products in his suitcase before he leaves.

We can no longer afford to use food as a weapon – for the sake of our people as well as those in other countries.

People the world over respond best to policies that provide incentives, not punishments. Mutual opening of markets is a win-win for America and the trade partners; mutual protectionism is a lose-lose for everybody.

This fall, the Millenium Round Trade Talks will be held in Seattle. The stakes for America are very high, and I believe that farmers need to be sitting right there at the table with negotiators.

Our farmers suffer every time Europe is allowed to subsidize their farmers in unfair ways. Asia is a critically important market to us. The Brazil project to tame the Amazon River forces yet another reason to get smart about our own transportation systems.

I know one thing from being a competitive athlete for most of my life: you don't win if you don't get off the bench and try to win. That's why the federal government needs to be tough in Seattle, and why I'm going to Japan in November. Anything that I can do to capitalize on the interest the Japanese have in my election I will do. As Governor I want to turn that interest into investment...in Minnesota companies, Minnesota products, and Minnesota farmers.

Our ultimate objective is to ensure a competitive marketplace for our farmers. A strong farm economy serves the public good of this nation. In a state like ours, where one out of four jobs is tied to agriculture, those silos sticking up on the prairie are like big thermometers checking the health of the entire state. Until the level on those grain bins start dropping thanks to sales overseas, there is more that can and must be done. Thanks for your time today.