

Thank you, Commissioner Jerry Carlson.

My, what a difference a year makes! Last year, you welcomed Mae Schunk and me in St. Cloud at the candidate's forum. There have certainly been a few changes since that night when we drove ourselves, participated without any media hoopla, and then drove back down "94" with dreams but no real sense of what lie ahead. Since the election,

- For one, I've learned to save the morning paper for AFTER my workout.
- For another, I have a new appreciation for the word, "Adjourn."
- But most importantly, nobody in Minnesota makes the mistake of thinking there is such a thing as a "wasted" vote anymore.

As I stand here, as your Governor now, ready to talk about the future of Rural Minnesota, that is a very important thing to remember. Each one of you as citizens who care about your own futures and the futures of your communities, has an obligation to get involved.

Marcie McLaughlin is one of those people who gets involved. Her work with Minnesota Rural Partners is a good example of what I'm talking about. How many of you work for the Minnesota Regional Development organizations? Raise your hands, please. Any of you who have worked to put on this event for the past two years, please stand up.

Ladies and Gentlemen attending this Summit, please join me in acknowledging the work of these citizens who are INVOLVED and making a difference through personal will and determination.

(Pause and fix a hard look on everybody.)

Today I am going to talk about three things:

Number one: It's time to quit talking about "rural crisis" and start talking about "rural change, coping, and common sense." That's personal responsibility.

Number two: It's time to get our arms around a long-term strategy that makes financial sense for rural Minnesota. That's about finding an appropriate role for state government in defined, accountable, responsive ways, working together with other partners.

And Number three: It's time to cultivate the next wave of civic leaders in rural Minnesota who can work closely with individuals, families, employers, and organized groups to breathe new life into communities. That's civic involvement of the hardest kind – right there at home.

I WANT TO START WITH THIS MINDSET ABOUT "CHANGE, COPING, AND COMMON SENSE" INSTEAD OF "CRISIS."

Since I have been Governor, there have been a series of so-called "disasters." Depressed hog prices, 100 mile winds, flooded farm fields, to name a few. In every instance, I've heard, "Governor, come save us." Or, more futile yet, "Washington, come save us." Time and again, there is a temptation to look to government with a mixture of hope and anger.

We have cultivated in this country a breed of politician who will pledge to “Make Things Better.” Standing knee deep in water or in the presence of tears at a kitchen table, surrounded by hurting families, there is a temptation to make promises.

We shouldn’t make promises, especially those we cannot keep.

With taxes hovering near 50 cents on the dollar, the public has spoken out strongly in favor of tax cuts. The public has spoken out strongly in favor of more accountability for everything that government does.

That includes rural people, who would rather have money in their pocket than send it to St. Paul or Washington.

This year, we did send it back. Sales tax rebate checks are literally in the mail, and next year income taxes will see a permanent decrease.

But remember, it’s physics: For every action, there is a reaction. You can’t cut taxes without seriously reconsidering spending. As I always tell my staff: NOTHING COSTS ZERO. Any dollar government spends comes from someplace else.

I would be misleading you at this Rural Summit not to start with this honest, simple truth. Any dollar that gets spent on rural development or ag relief or offsetting declining enrollment in public schools needs to be carefully considered based on what makes common sense over the long term, not what makes for a good “band-aid” over a crisis.

When people are in “crisis,” they are living day to day, not looking ahead.

Leaders help people see further out than just tomorrow.

Leaders help remind people that there is support all across Minnesota, in fact, just a quick phone call or a quick drive from anyone’s home.

Leaders remind people who feel like they are in “crisis” that solutions come from accepting changes, taking a learning attitude, and getting help, if that’s what is needed for find a solution.

Leaders are you at this Summit.

In almost every rural community or nearby regional center is a quality higher education institution. At a time of almost full employment, our great individual challenge is to stay skilled for the next job that we need – or needs us.

At a time when many people in our agricultural economy are whiplashed by fast changes, and not many of them good ones, it’s important for farmers and their families to connect with the many local, county, state and federal services that are already funded to provide help. Maybe it’s the Extension Service with financial help. Maybe it’s the University of Minnesota Crookston putting together a package for the next great marketing idea. Maybe it’s

encouragement to take advantage of mental health services and turn the paralysis of personal stress into new abilities to make good decisions.

What I do know ISN'T the answer is a one-size-fits-all, short-term government bail-out time and time again. It looks good in an election year, but if that type of thinking solved anything, we wouldn't be in this room today.

Government solutions will always be more expensive, less flexible, and less effective than an individuals' solutions. Especially in a so-called "crisis."

We already spend \$33 billion every two years on all funds -- everything from tourism to education to workforce development to technology. To suggest that we are not already up to our elbows with rural development would be a serious mistake. In fact, a significant share of that budget is redistributed from the metro area to rural Minnesota for all kinds of programs, including health care, higher education, K-12, and local government aids.

The next wave of questions are about what our state needs to be a healthy, competitive state, and what it means to have healthy, vital communities in a time of rapid change all over.

Some of this is very big picture policy discussion. Some of it isn't. The health of mainstreet rural communities has a lot more to do with whether people who live in that town actually shop there, or whether they drove 30 miles to the nearest Wal-Mart or head all the way to the Mall of America. The ability to keep a rural doctor nearby also depends upon whether local people will trust their care, or prefer to drive to a regional center to see a network of specialists.

One of the best thinkers in Minnesota on this subject is right in this room today – Jerry Carlson. Another one is legendary for his work finding a new way to align services – Human Services Commissioner Michael O'Keefe. Both of these big thinkers are serving in my cabinet right now with the likes of other big thinkers like Met Council Chair Ted Mondale, Finance Commissioner Pam Wheelock, and Revenue Commissioner Matt Smith.

They are not afraid to ask the tough questions about the changing state we live in. They are not afraid to say "No" to short-term thinking.

Together, the cabinet and I have cautioned the sprawling metro areas to think about "Smart Growth", and together we will challenge you to imagine a different rural Minnesota than the one that has existed in the last half of this Century.

If this is making you feel uncomfortable, then I'm doing my job.

I came to this job for results, not politics. As you may have figured out by now, I don't care about someone's political party. I don't care about doing something because it's the politically correct thing to do. I'm dead serious about protecting a balanced budget, and living by budget principles that I've written down and distributed statewide, including here at this Summit.

I would ask you to read these budget principles and communicate with me or the staff if you feel that they don't represent Minnesota common sense. As of right now, they have guided us through one biennial budget and are set up to guide us through the next one. You can hold my administration to them.

So, what do the Ventura Budget Principles mean for Rural Development?

THAT LEADS ME INTO THE SECOND THING I WANT TO TALK ABOUT TODAY:
GOVERNMENT'S ROLE IN RURAL DEVELOPMENT.

Government should do that which individuals cannot do for themselves. Abraham Lincoln said that, and I believe it.

What government does, it should do well. We need to evaluate for results, reform programs that aren't working, and be willing to live within our means. Those are all budget principles published in your sheets.

We also need to provide INCENTIVES for doing the right things. Put decisions closest to the people – county beats state, and state beats federal every time.

I'll give you a good example of what I'm talking about. And it's a very hot subject that is going to get hotter. It's about farm relief.

Last session, I stood firm for spending \$10 million on TARGETED relief to farmers who were hurting. I figured that we could let families decide, set up a system to let them apply at their county offices for property tax relief, and spread the money over a number of years. Nothing in me said this farm "CRISIS" – if you will – was going to end any time soon.

To me, this is a huge rural development issue. Agriculture problems have topped the list of requests for me to travel and listen and "fix" problems.

The Legislature, you may remember, decided to do it differently.

Over my objections, \$70 million was spent THIS YEAR ... THIS ONE YEAR ... for relief to EVERY FARMER. This included hobby farmers, farmers who made money last year, everybody.

Guess what?

Yesterday, a planeload of my commissioners and staff – all appointed to something I call “The Farm Cabinet” – went to Northwestern Minnesota to listen to farmers. Anybody want to guess what they heard?

One legislator publicly asked me to call a special session for more relief, and one farmer in the room asked what we were going to do next year when the “Crisis” is still going on.

Folks, we spent it all. It’s gone.

It’s time to cope with change, and use common sense. Because either we stand firm for targeting and decide that it’s not about giving something to everybody, or we give up on tax cuts and balanced budgets and just hand out relief one year after the next.

I’m proud of the consistent position I took, even though at every turn I ran the risk ... as I still do ... that I will be accused of not being “for farmers.” Nothing, absolutely NOTHING, could be further from the truth. But the right thing to do was the hard thing, and I went this road alone.

The bottom line is that we need a better handle on what government ought to do when individuals cannot.

My vision for Rural Minnesota is not the one that really matters – it’s yours. But we’re working very hard in my administration to get our arms around what state government’s role should be.

The next Census will almost surely show that we are continuing to flock to big cities. With that comes high class sizes, housing shortages, a health care crunch, congested roads, the need for mass transit, demand for more technology investments, more public safety, and on and on and on. It’s expensive and the problems are very real.

There is a rural flip-side to these problems that you understand all too well.

We no sooner put out the biggest K-12 budget in the state’s history than the rural schools were asking for funding for phantom students to help with declining enrollment.

We no sooner put together a critically important initiative for light rail transit that will help ALL OF MINNESOTA, not just the commuting inner city, than there was an uproar about this new administration not supporting rural roads and bridges. I had already said many times that those items belonged in next year’s bonding bill.

It’s got to stop being about urban versus rural, or Metro versus “outstate.” That’s no more constructive than trying to get attention for a “crisis” every time something beyond our control happens.

Over the next months, every single one of my commissioners will be involved in answering this central question, “Where are we heading and what role for state government?”

Can it be better coordinated? Yes. Some of you may have ideas about how that could happen right now, and we need to hear all of them.

There will be changes in the way the executive branch looks and functions during my term once we get a total handle on everything that's already in place.

This may strike you as peculiar, but realize that my first tour of government took over one month, and I only met a fraction of the 49,000 employees who are on the payroll.

That basic lack of communication and alignment, which has been further confused by the way the legislature sets up pet projects that don't connect to anything else, has hurt rural development. NO MORE QUICK FIXES. In addition, with your help and support, I believe we can identify and free up resources within the existing budget.

Working together, we can go to Washington DC with federal policies that stand in the way of progress. We've already tackled the stupid, 60 year old law that sets milk prices based on how far away the cow is from Eau Claire, Wisconsin. Here's another one that's coming: if we want to promote innovation by farmers, why aren't new, alternative crops eligible for federal crop insurance? Isn't it interesting that the only barrier standing in the way of a lucrative hemp crop in Minnesota is federal policy?

These and other things directly affect the mainstreets of rural Minnesota.

So does international trade. It is the job of state government to connect the world with Minnesota products. Commissioner Carlson keeps telling me to GO WHERE THE MONEY IS. So off we go to Japan this November. Some of you may not know that Japanese television carried my inauguration live. Of course I wasn't wearing a double-breasted suit at the time I became well known there, but they are still very fond of me!

Whether it's the Japanese or the Germans or the Canadians or any of our other huge trading partners, I pledge to capitalize on the interest in our Tripartisan experiment to keep the world's consumer dollar coming to Minnesota.

Commissioner Carlson also tells me that business needs to GO WHERE THE WORKERS ARE. Rural Minnesota, this is your day.

The Department of Trade and Economic Development has a strategy to tie growth of Twin Cities companies with communities around the state where there are available workers. Maybe even relocate workers who are interested in living in a community where there are lower class sizes, affordable housing, and a great quality of life! Imagine that by the year 2010, if you market well, you could turn around the next census and show professionals moving back to you!

There are successes already. Two weeks ago, Entronix, International opened a high-tech plant in Eveleth. Over 100 good-paying jobs are being added there thanks to this company that is based in Plymouth. Why? Because there were skilled, available workers in northeastern Minnesota.

In Sebeka, in central Minnesota, Cross Consulting expanded to provide software programming services for Northwest Airlines.

In both cases, the Department of Trade and Economic Development was important to making those expansions work well for rural Minnesota. It also works well for urban Minnesota, because we are at a common sense point of needing to grow “smart” instead of just “sprawl.”

Private investors and banks also play a role. Minnesota Corp and USBank should be recognized for working together to create a rural equity fund. Businesses can’t grow without it, and rural Minnesota will benefit from this \$2 million investment by USBank.

No fewer than six agencies are involved in housing strategies, including the new one for rural communities.

This past year, the mining and steel industry also got a boost with the Minerals 21st Century Fund. This exists to make equity and loan investments in mining and steel technology for the seven taconite companies and, hopefully, new ideas. It is my expectation that the State partnership in efforts like this pays off in thousands of high-paying jobs for a long, long time in northern Minnesota.

BUT NOW TO MY THIRD AND LAST POINT: IT IS ULTIMATELY YOU, THE PEOPLE, WHO WILL MAKE THE DIFFERENCE LONG TERM FOR RURAL MINNESOTA.

Believe me, it’s been a steep climb in loose gravel since November, but what made this country great is the idea that any citizen can be Governor. Or Mayor. Or County Commissioner. Or head of the Regional Fund. Or the researcher who discovers the next taconite idea. Or the teacher who works every day to help parents and their children. Or the farmer who finds a new way.

Where we live is up to each of us. How we live is also up to each of us.

The generation before us invested mightily in the nation’s finest network of roads and schools and colleges and public buildings that serves us to this day. It is our generation that will build the superhighway and make tough decisions about new realities that come from changing both where we live and how we live.

I urge you to think clearly, without politics, about how to cope with those changes, and bring common sense to the answers that we can afford and deliver us the best results.

I look forward to working with you. Thank you.