

Good Afternoon.

Usually we go out on these bus trips and all we have to worry about is having a great time.

But today is a little different. Oh, we'll still have fun, but when you see people suffering from all this water it takes a little edge off the fun.

Of course I don't have to tell the folks of East Grand Forks about too much water. You are definitely the experts.

But you are also the experts at pulling yourself up and overcoming adversity.

And from what I have seen this morning, people in towns like Moorhead, Hendrum and Halstad are made from the same cloth.

It's a sad time. But they are fighters.

And with help from their families, their neighbors and, yes, their government—they will make it back.

This is a proud region.

And I am proud to be here, along with my commissioners, to learn more about its people and its natural resources.

(Introduce Hugoson, Fisher, Garber & Carlson)

Did you know that Florida is the nation's leading producer of oranges?

And that Washington is the nation's leading producer of apples?

So what does Minnesota lead the nation in producing???

I'll bet not too many people in Minnesota would guess sugar beets. But it's true—we lead the nation in the production of sugar beets.

I was fascinated by the things I have learned about sugar beets.

According to a study conducted by two farm economists at North Dakota State University, the sugar beet industry generates a total of about \$385 million in direct impacts on Minnesota's economy.

When you include indirect impacts such as insurance, finance, and real estate activity, the contribution jumps up to about \$1 billion.

In terms of employment, sugar beet cooperatives like American Crystal Sugar are directly responsible for more than 2,000 full-time equivalent jobs.

An additional 21,000 jobs—jobs outside the sugar beet industry, but dependent on the industry—are generated by the sugar beet industry in Minnesota and North Dakota.

The financial and employment numbers are impressive, but what I think is especially interesting about sugar beet production is how most of the processing plants are located in rural areas of the state.

However, as great as the contributions of the sugar beet industry are, we all know that it can be dangerous for a community to become too dependent on any one business for its economic livelihood.

The Old West ghost towns are reminders of what can happen when that business dries up or goes through a massive change.

Right now rural Minnesota is feeling the impact of massive changes in agriculture, and we continue to see the rural population shrink.

But if we are smart about it, we can strengthen our farm community while at the same time diversifying our rural economy to make it less vulnerable to downturns in the agricultural sector.

This message is not popular with everyone, but it is important: things have changed in rural America, and we cannot bring back the “good old days” no matter how hard we try.

Globalization has created new and powerful competitors for world markets. Grain prices are now influenced by exchange rates and crop conditions in South America as much as by what decisions are made in Washington, D.C.

Individuals, businesses and communities of all sorts are struggling to find a place in the new, global marketplace, and they often look to public officials for answers.

I believe one of the most helpful things we can do in Minnesota is to give farmers a hand in making a successful transition to the new global marketplace of the 21st century.

The big challenge farmers face in the 21st century is to become as creative and skilled at marketing a product as they are at growing a product.

That’s a big switch from the traditional mindset of producing first and marketing second.

But from what I have seen, farmers are already beginning to adjust their strategies.

What role can the state play?

Well, I strongly believe that any truly effective effort to help farmers must be part of a larger strategy for helping rural communities.

Rural economic development priorities like telecommunications access, transportation infrastructure, and workforce training must be part of the mix when we talk about helping our farm sector.

Beyond that, I believe there are a number of things our state should do to help Minnesota agriculture adapt to the global economy.

First, we must encourage more value-added processing in the state – especially by farmer-owned cooperatives.

Farmers' long-term success will depend on their ability to capture more of the consumer dollar. The best way to do this is by moving beyond just producing commodities.

Right now, 85 percent of Minnesota farm income comes from eight commodities (dairy, beef, pork, turkey, corn, soybeans, wheat, and sugar beets).

Farmers must get themselves a piece of the action in food and fiber processing, which has higher profit margins.

American Crystal Sugar is a great example of a successful grower-owned cooperative.

Three decades ago, sugar beet production was down and the economic outlook was bleak. But farmers in the Red River Valley decided they would not allow themselves to become victims of economic change.

Instead, they banded together and raised \$66 million to buy American Crystal and convert it into a producer-owned cooperative. Today, that cooperative is still going strong.

In fact, American Crystal is the nation's biggest producer of beet sugar.

The second major objective of the state should be to diversify the commodity base of Minnesota agriculture – especially through the market-driven development of alternative crops.

Corn, soybeans, sugar beets and wheat will probably always be our biggest crops, but farmers – especially small-scale farmers - can benefit by hunting out specialty crops that can bring a higher return per acre.

Organic foods and industrial hemp are excellent examples of this.

It is also smart to diversify by expanding your commodity base. For years, State Agriculture Commissioner Gene Hugoson has been talking about the value of expanding livestock production – especially dairy – in this part of the state.

We've made some progress, but we can do more.

If you wonder why Commissioner Hugoson is so interested in boosting livestock production in this part of the state, the reason is simple.

Just recently, the Southeastern Minnesota Farm Business Management Program released numbers that showed farmers who had a combined crop/livestock operation fared much better in 1999 than did farmers who only grew crops.

According to the 1999 figures, the average field crop farm showed a profit of only \$21,500. A big chunk of that came from government payments.

Add milk cows or hogs, though, and the numbers jump. The hog farms involved in the southeastern survey showed a profit of \$97,000 and the dairy farms saw an average profit of \$78,000.

Of course the exact numbers would be different in different years, but those numbers show that your mom was on to something when she said you're better off not having all your eggs in one basket.

Another thing the state can do is to help strengthen the competitive position of Minnesota's farm community. I created the FARM Cabinet to do that.

The idea behind the FARM Cabinet is that by combining the resources of our state agencies, we can more effectively remove unnecessary obstacles that limit farmers' competitive power.

If we are going to pass laws that require farmers to implement changes for the sake of the environment or for any other reason, we should try to be sensitive to what it means for them economically.

A fourth goal for Minnesota state government should be to persuade the federal government to adopt farm policies that have long-range value.

Here's an example of what I mean:

We also need to expand American farmers' access to international markets by fighting trade barriers and by leaving agricultural products out of economic sanctions that we place against foreign countries.

The recent vote in Congress to grant permanent normal trade relations with China is a good start, but too many foreign markets are still off-limits for U.S. farmers, and that is just plain wrong.

Every year, this state ships nearly a third of its corn and wheat crops, and more than half of its soybean crop to foreign markets.

But the impacts go beyond that. According to University of Minnesota economists, our state would be able to support less than a third of our 80,000 farmers if we were to close off all export markets and supply food only for U.S. consumers.

Experts predict that the world's population will double in the next 50 years.

It has been shown that the first thing people in developing countries do with extra income is improve their diet.

When that happens let's not wait for them to call us.

Finally, I want to repeat that it is very important for us to bring our rural areas up to speed with technology.

E-commerce is only a curiosity for most people today, but it has unlimited potential for transforming the ways we do business.

Rural areas cannot be left out.

Just as government took a lead role in bringing electricity to rural areas, I believe we should take a leading role in bringing high-speed Internet access and all the other technological must-haves to rural America.

There's a limit to how much individual states like Minnesota can do to solve problems that have global roots.

We won't be able to save every farmer, but the top farm policy goal of a state government in 2000 should be to help its agricultural community – and rural Minnesota in general - make a successful transition to the 21st century.

That's what my commissioners and I plan to do.

Thank you.

Governor Jesse Ventura
Tour 2000 Trip 4
East Grand Forks
June 27, 2000



6

MINNESOTA HISTORICAL SOCIETY
