

Good morning.

Thank you for a very kind introduction Commissioner Carlson, and thanks to the University of Minnesota for inviting me to kick-off this Summit on Minnesota's Economy.

You know President Yudof our jobs are similar in many ways. We are both charged with making Minnesota a leader among peers.

We understand that the people of Minnesota expect the University and state government to work together building public policy foundations upon which our citizens can live and work.

Our jobs are interrelated and the institutions we lead are codependent. We both understand that a healthy University of Minnesota contributes to a healthy Minnesota economy.

And finally, President Yudof and I understand how important it is to help Minnesota's leaders agree on a path for making Minnesota successful in the future.

And that's what today is about.

For your efforts in convening this summit, President Yudof, I would like to say thanks.

Someone once asked Yogi Berra "If there were a fork in the road, what would he do?"

"Take it," Yogi said.

It seems to me that as we travel down the economic highway these days we can't be ambivalent when we come to a fork in the road.

Indecision is a leading cause of accidents, and we cannot afford accidents on our way to the new economy.

Like Yogi, we must be decisive.

We must have a plan.

And optimally the private sector, state government and our academic institutions will work off the same plan.

First, let's agree on one thing. Minnesota, simply said, is "where it's at."

I am a big "fan" of Minnesota. I tout our quality of life, our beautiful amenities and bright, hard-working people everywhere I go.

For the fourth year in a row Minnesota was ranked the "Most Livable State" in the country by an independent research company. This ranking was based on such qualities as health, income, housing, education and recreational facilities.

- Minnesota spawned the medical device industry thanks to some impressive research feats and a strong University.
- Minnesota is home to hundreds of inventions including post-it notes, rollerblades, and wheaties.
- The Twin Cities area ranks first in the nation in the percentage of adults with high school diplomas and fifth in the nation in the percentage of adults with college degrees.
- The Twin Cities are home to 13 Fortune 500 companies, and *World Trade* magazine recently called Minneapolis the second best city in the nation for international business.

There is much to be proud of. Our lives and our economy are full.

Why?

Three reasons come to my mind:

- Our ENTREPRENEURIAL spirit,
- Our DIVERSE economy, and
- The RESILIENCY of our people.

You know, I consider myself an entrepreneur. But I am just one among many in Minnesota. We have a great spirit and rich history of entrepreneurship in Minnesota.

That spirit has led to some impressive historic feats, including:

- Performing the first open-heart surgery,
- Inventing the cardiac pacemaker,
- Developing the taconite mining process, and
- Believe it or not, we even invented water skiing.

Minnesota is home to key industries like agribusiness, medical technologies, telecommunications, and a growing travel and tourism industry. We build boats and bake bread and *write books*.

We mine ore and make sugar.

Our economy is diverse and it is strong..

Strong because it is supported by a resilient workforce.

This is a great state.

But we are not here today to rest on our laurels.

We are here to build on them.

We are here to prepare for the next phase of the *new economy*.

And what is this *new economy*?

Well, I would describe it as the old economy with a rebuilt foundation, and that foundation is built on:

- technology,
- globalization, and
- a highly-skilled, highly-motivated workforce.

I speak of this *new economy* with some experience. Let me share with you some of that experience.

Twenty months ago I began to govern this state. And together with an excellent staff and a very smart cabinet, I began to think about our future and how we should go about preparing for it.

I told my commissioners -- when you think about the future don't think one year or five years down the road. Think twenty years into the future.

And together that's what we did. We came up with a plan.

Of course it wasn't just any old plan_it was *The Big Plan*.

We started with a strategic vision for Healthy, Vital Communities.

Looking ahead we asked, 'what can the State do today to ensure that Minnesota's communities are healthy and vital tomorrow?'

One answer we came up with was infrastructure.

And we started with infrastructure in the form of an accountable public education system with highly-motivated administrators, teachers and parents. All of whom work hard to graduate high-achieving students that will be the workforce of the future.

And we aren't just talking.

Last year we delivered new money to schools for smaller classes in grades K thru 3 and the first increase in the basic per-pupil formula in over a decade.

This year we held firm in our belief that we must have standards and we worked with the legislature to improve our graduation standards.

And next year we are going to ask the legislature to work with us to make sure that our public education system is paid for through a fair and equitable tax system.

These are real reforms that are absolutely necessary to help build a workforce foundation for the new economy.

Today Minnesota businesses are spending \$2 billion to train, develop and keep their own workers. The State spends another \$100 million on job training, dislocated worker programs and workforce centers.

My workforce development minicabinet has a plan on the table. That plan's focus is to give Minnesota's workers a "leg up."

It redirects current resources to increase the skills of the 40 percent of our workforce who make less than \$10 per hour.

We need the business community to not only invest in Minnesota's workforce, but to come to the table with ideas on how to bring workers into the new economy and how to keep highly skilled and highly educated workers here.

Join us business leaders and academic leaders to finish the job and bring a reform workforce agenda to the Legislature this year.

Another important element of *The Big Plan* focuses on our transportation system.

Yes, last year we got a light rail line that was an important start, but it is a mere drop-in-the-bucket when it comes to what we need.

We need a comprehensive multi-modal transportation system for the entire State of Minnesota.

Perhaps you recall that this year I had a bill that would have created that system. It was a bill with a vision for the long term. It was a bill that created a permanent funding stream for transportation projects in all of Minnesota.

But it went nowhere. Why? Because we didn't work together.

We let the forces of politics defeat us. If we learn anything today I hope it is that when we have a chance to advance good public policy we cannot afford to have anyone on the sidelines.

Not business. Not labor. And not the University. We all need to pay attention and we all need to work together.

But we do learn. And I am confident that in the future we will work together.

Because when we do, good things happen.

Good things like our *Big Plan* initiative that was successful in investing over \$170 million additional dollars in affordable housing. Housing that is desperately needed for the *new economy* workforce.

When I talk about healthy, vital communities as Governor of Minnesota, I'm talking about both inside and outside the 7-county metro area.

As my Cabinet and I have worked to improve the competitive position of rural Minnesota we've quickly come to realize that it's not just about agriculture.

While agriculture is still a mainstay of the rural economy in much of Minnesota, it is not the force that it once was.

These times are a changing, and Main Street Minnesota is about a diverse rural economy.

It's a tough message that isn't easy for some to hear, but I have a responsibility to look into the future and prepare Minnesota communities for the tough realities.

If we're going to keep small-town rural Minnesota healthy we need to stop throwing money at just one sector and start looking at communities as a whole.

The Big Plan looks at rural Minnesota with a little different vision -- a vision that recognizes a balanced approach.

Business development, workforce development, telecommunications, technology, housing, transportation _ AND YES, AGRICULTURE _ are going to make rural Minnesota's economy and communities vital.

But technology is huge!

By every measure, the *new economy* is greatly influenced by technology and telecommunications.

It is very interesting to note that of the 29 specific initiatives that have evolved out of *The Big Plan*, 17 are dependent on information technology.

Technology is a key factor in keeping citizens in touch with their government wherever they may live in Minnesota.

And technology plays a very large role in keeping our business and industry competitive in our global economy.

In fact, in public remarks made last year Federal Reserve Chairman Alan Greenspan credited "newer technologies" with making capital investment and productivity more profitable.

It is these "newer technologies" that will keep our taconite mining industry viable and our farmers competitive in the *new economy*.

My telecommunications reform bill is on the table this year at the Legislature and it is absolutely critical that we all work together to get it through the Legislature.

Another Big Plan initiative, and I alluded to this earlier, is my recently announced plan to reform our tax system.

You are some of the smartest people in Minnesota, but it doesn't take a rocket scientist to know that our tax system is one that was built around the *old economy*.

We need a tax system that is simple and fair. But more than anything we need a tax system that is aligned with the reality and demands of a global competitive marketplace.

In 1929 60 percent of personal expenditures were for goods and the remaining 40 percent were for services. But by 1999 those percents were nearly reversed.

Realigning our tax system to recognize the new era of service requires some hard choices.

My tax reform agenda at the Legislature this year will recognize that citizens and businesses want accountable government that is fair and helps them live and do business in this *new economy*.

You've heard me say before, "Look, no strings." It's true. I want government to be an open book.

Every citizen should be able to read their tax statement, apply for electronic government services with ease, and vote without hassle.

Another important element of our *Big Plan* is trade. Our mantra should be: "It's the *global economy*, stupid."

The goal of our state policies should be to make individuals and firms more competitive in the world economy.

Since I became Governor I have worked tirelessly to promote Minnesota and Minnesota products, not only across the country, but around the world.

I assure you I will continue to do so.

A new economy requires a new mindset. As business people and academics know, expanding markets mean expanding sales, expanding jobs, and higher wages.

In years to come the face of Minnesota's economy will certainly look different than it does today. In part because of new immigrant populations springing up not just in the metro area, but in rural towns throughout the state.

My working group on minority business development has developed a plan on how to make minority communities thrive in Minnesota.

One of their suggestions was to figure out how to tap new immigrant communities, channel the entrepreneurial energy and bolster Minnesota's economy.

What an exciting challenge.

President Yudof, again, I appreciate your leadership today in bringing leaders together to talk about Minnesota's challenges.

Now let me challenge you.

I challenge you today to look at the role of the University of Minnesota and how the U can contribute to our economic vitality.

Fifty years ago a land-grant University had the responsibility to show farmers how to rotate the crops and use the latest plow. In today's economy I believe that that role has changed into a technology role.

What about the new ideas coming out of the University? Are there some changes that, with your leadership could help the University reach out, while businesses reach in, to better connect ideas to the marketplace?

I vow to explore how to help make this happen, but state government can't do commercialization alone.

We need buy-in from the business community and we need a University culture that fosters entrepreneurship.

Are you with us? Can we count on you?

For my part, as Governor, I am going to continue to be a fan of Minnesota's economy, and I will tout that to businesses around the country and everywhere I go.

I will continue to be an advocate for the University of Minnesota because a healthy University can greatly contribute to a healthy Minnesota economy.

I will continue to push for Big Plan initiatives that get the job done for Minnesota:

- Tax Reform,

- Education reform,
- Telecommunications Reform,
- Workforce Development, and
- The commercialization of new discoveries.

And all of the other Big Plan initiatives that result in a strong economy for Minnesota.

As I continue this work I ask you:

Do I stand alone?

From the looks of today, I'd say, "NO."

I believe that the Minnesota business community, President Yudof, and most importantly, the citizens of Minnesota who get up and go to work everyday will ensure that the Minnesota economy does not fall behind.

If we work together, I do not believe we will have reason for alarm.

But at this point it would serve us ALL better if we get behind one strategy, one plan that lays out the future of Minnesota.

Let's come to the Legislature as one voice -- the voice in favor of Minnesota.

A voice that says we need targeted, reallocated investments with clearly articulated results in opening markets, workforce development, education, transportation and commercialization of new discoveries.

A voice that says we can't let the hard decisions surrounding tax reform, telecommunications reform, or workforce development languish for another year.

And finally, we need a dose of common sense and an acceptance of a common vision that says, "Minnesota will still be a leader if we work together."

Today is a good day to start. Together, let's take the fork in the road to the 21st century and the new economy.

Thank you.