

Working Memorandum Number 2

July 1968

AGRICULTURE AND ECONOMIC DEVELOPMENT

GOVERNMENT OF MINNESOTA

Prepared for the  
Governor's Council on Executive Reorganization

by  
Public Administration Service

## Introduction

The development, promotion, and protection of agriculture and the agricultural industry has long been one of the primary concerns of the State of Minnesota. The development, promotion, and encouragement of industrial or economic development, in its broader context, is a relatively new field in Minnesota as in other states. Tourism, too, is a new arrival on the state scene.

Agriculture comprises a major portion of the state's economy and, as one of the nation's principal agricultural states, Minnesota's commercial and industrial development are inextricably related to agriculture. The processing of agricultural products provides a major segment of the industrial base of the state. The agricultural community provides a major market for Minnesota produced machinery, equipment, supplies, and materials. The urban areas provide markets for fresh and processed farm produce, and agricultural communities of the state take full advantage of manufactured goods and services available in urban areas. Developments in agriculture, particularly mechanization and specialization, have had and will continue to have marked effects on the commercial and industrial employment base.

The Department of Agriculture now performs developmental activities and services in the fields of crop improvement, marketing services (including assistance to cooperatives) and plant disease and pest control and eradication. The livestock Sanitary Board promotes development of the livestock industry, including poultry, primarily through disease control and eradication. The Crop Improvement Association is a quasi-state agency that provides volun-

tary seed certification services. The Department of Economic Development is the major state agency for encouraging and coordinating the development, promotion, and expansion of commercial and industrial development including the tourist industry.

Economic development is a broad field but in this report it is confined to those activities of the state government that are intended to provide services to, promotion of, or protection of specific elements of the private sector of the economy. Economic services are presently aimed at three groups - agricultural practitioners, business and industrial entrepreneurs, and the tourist industry. These may appear to be mutually exclusive fields if one looks only at the services to clients; however, when one looks more closely at the total economic needs and goals of the state and its people, a close inter-relationship becomes apparent. New jobs must be created each year if employment opportunities for Minnesotans are to keep pace with a growing and shifting labor force. If unwarranted and unwanted population concentrations are to be avoided, then the new jobs must be created and located generally throughout the length and breadth of the state. All of this will require high level policy decisions respecting the means and goals for the state's growth. The definition of growth goals will require decisions on the types of activities which should be encouraged to provide a sound, broad gauged, and integrated economic base for the entire state -- not just for portions of it. Such decisions must recognize not only the state's competitive advantages in location, natural and human resources, market potential, and investment environment, but also disadvantages that must be overcome or compensated for.

To a large extent responsibility for agricultural and economic development must be focused at the state level. Concentration, even centralization, of existing developmental and promotional activities of state government must be accomplished if coordinated attention to the broad general interests of the state is to be achieved. The best interests of the state will not be served through sporadic and fragmented attention, here and there, focused upon specific industries, products, or geographical areas.

In this context it must be noted that some local and regional development organizations have been established in the state which are concerned only with their own narrow perspectives and objectives, and these oftentimes conflict with those of similar neighboring organizations.

It should be noted, too, that the federal government has extensive operating and assistance programs applicable to the state, its regions, and its local units. It could be expected that a single state department, concerned with agricultural and economic development practically in its entirety, would produce a more effective channeling and use of federal program support and financial assistance than is now secured under a disjointed organizational arrangement.

## Proposed Organization

It is recommended that a Department of Agriculture and Economic Development be established with broad responsibilities for planning, encouraging, promoting, and protecting agriculture, agri-business, industrial development, and tourism. The new department would assume the role of cooperator with and be the contracting agency with the U. S. Department of Agriculture for agricultural statistics, market news, produce grading, and such other services as may be required. The accompanying chart depicts the suggested structure of the department. Proposed major units and their responsibilities would be as stated below.

### The Commissioner

The Commissioner would be appointed by the Governor and be responsible for the administration and direction of the entire department.

### Advisory Committee

This committee should be similar to the present advisory body to the Commissioner of Economic Development, but its responsibilities should be broadened to encompass agriculture and economic development including tourism.

### Administrative and Staff Services

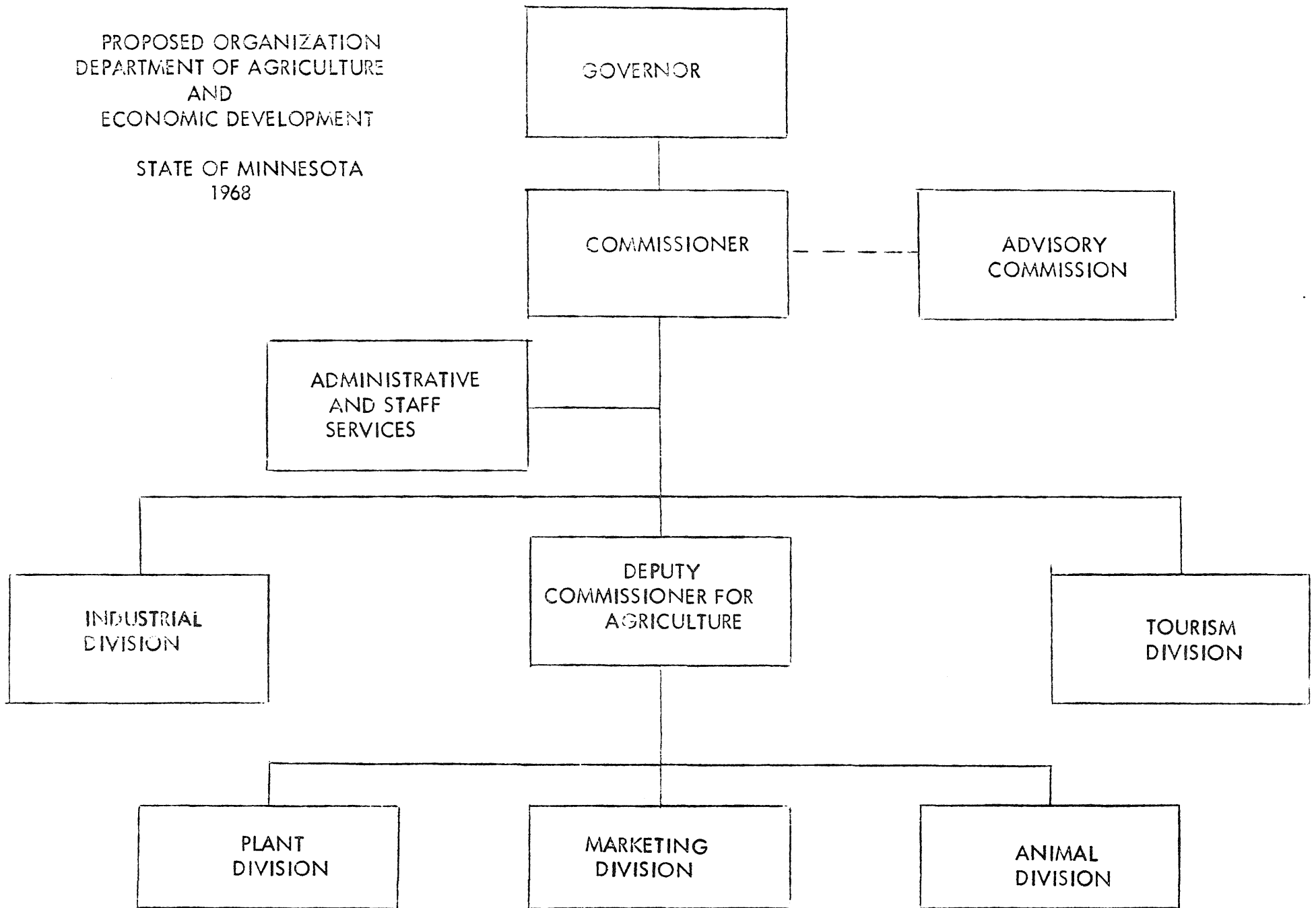
This unit would provide personnel, budgeting, accounting, program and management planning, data processing, general services, and public information functions and services for the entire department.

### Industrial Division

This division should promote the coordinated commercial and industrial development of the state through a variety of assistance, service, research, and public information programs.

PROPOSED ORGANIZATION  
DEPARTMENT OF AGRICULTURE  
AND  
ECONOMIC DEVELOPMENT

STATE OF MINNESOTA  
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### Deputy Commissioner for Agriculture

This deputy commissioner should be appointed by the Commissioner of Agriculture and Economic Development and would direct, coordinate, and administer activities in the promotion, development, and protection of agriculture and the agriculture industry.

### Plant Division

This division, through plant and nursery inspections, quarantines, and by other means, should administer activities and programs designed to control and eradicate plant diseases and pests. It should also administer seed certification and other programs for the improvement of crops.

### Marketing Division

This division would provide marketing improvement services, farm products grading and inspection services, and market news services for fruits and vegetables, eggs and poultry, grain, livestock, and miscellaneous other products.

### Animal Division

This division would administer programs to prevent, control, and eradicate livestock and poultry diseases and miscellaneous other programs relating to livestock and other animals.

### Tourism Division

This division would promote the development of the tourism industry through technical assistance and public information activities and programs.

## Proposed Functions and Their Derivatives

This section is devoted to an enumeration of the specific functions of the major operating divisions of the Department of Agriculture and Economic Development and to their sources or derivation from existing units of the state government.

### Industrial Division

This division would:

1. Assist in establishing and upgrading industrial development organizations and operations.
2. Promote and stimulate establishment or expansion of local industry.
3. Assist in establishing zoned industrial acreage.
4. Visit local communities to render technical advice and assistance and determine progress.
5. Conduct industrial development clinics for local and regional personnel.
6. Cooperate with and coordinate public and private development organizations and their efforts.
7. Seek foreign markets for Minnesota products through trade missions, fairs, and exhibitions.
8. Solicit outside capital for investment in Minnesota.
9. Develop, or assist in the development, of promotional literature and exhibitions and materials.
10. Advise and counsel prospective businessmen on Minnesota's advantages.
11. Initiate research and statistical studies, serve as a clearing house for business and industrial information, and assist in the solution of industrial problems.
12. Advise and assist small enterprises on modern business techniques, methods, and systems.



All of these functions are presently performed by the Industrial Development Division of the Department of Economic Development.

#### Plant Division

This division would:

1. Conduct plant and nursery inspections in order to control and eradicate plant diseases and pests and to improve plants and crops. The programs would include noxious weed control, mosquito abatement, forest pest control, plant quarantine, field crop inspections, Dutch Elm disease control, Barberry control, White Pine Blister Rust control, apiary inspections, and agribotanical services.
2. Conduct the voluntary seed certification program for crop improvement.

Item 1 is presently performed by the Plant Industry Division of the Department of Agriculture. Item 2 is presently performed by the Agricultural Crop Improvement Association, a quasi-state agency.

#### Marketing Division

This division would:

1. Provide marketing improvement services for fruits, vegetables, grains, eggs, poultry (including the National Poultry and Turkey Improvement Plan), livestock, honey, Christmas trees, and sunflower seed.
2. Provide farm products grading and inspection services.
3. Provide market news services.
4. Provide services to cooperatives, and inspect and regulate them.
5. Promote and develop markets for Minnesota agricultural products through fairs, exhibitions, and communications media.
6. Conduct farm censuses and compile statistics on the production and inventory of agricultural crops and livestock.
7. Provide grading, inspection, and weighing services on grains.

Items 1 through 3 are presently performed by the Marketing Services and Poultry Industries Divisions of the Department of Agriculture. Item 4 is performed by the Economic Practices Division of the Department of Agriculture. Item 5 is performed by the Marketing Services Division and item 6 by the Crop and Livestock Reporting Division of the Department of Agriculture. Item 7 is performed by the Grain Inspection and Weighing Unit of the Public Service Department.

#### Animal Division

This division would:

1. Administer the animal and poultry disease diagnosis, prevention, control, and eradication programs.
2. Quarantine, supervise the destruction, or otherwise control the disposition of diseased livestock and poultry.
3. Regulate the interstate and intrastate movement of livestock and poultry.
4. Administer dog kennel, bull license, and brand registration laws.

All these functions are presently performed by the Livestock Sanitary Board.

#### Tourism Division

This division would:

1. Service inquiries on tourist opportunities and facilities in Minnesota.
2. Conduct or assist in planning sports shows and events as tourist attractions.
3. Develop, produce, and distribute promotional tourist literature and materials.
4. Assist in developing, upgrading, and promoting private and public tourist attractions and facilities.

5. Coordinate activities of local and regional tourist promotion organizations.
6. Cooperate and coordinate with interstate tourist promotional organizations.
7. Work closely with the transportation industry to publicize Minnesota tourist attractions and to provide intrastate transportation.
8. Sponsor, plan, and conduct workshops, meetings, and conventions on tourism.

All these items are presently performed by the Tourism Division of the Department of Economic Development.

## Staffing

If existing staffing patterns for the activities enumerated above were maintained, the personnel complement of the proposed Department of Agriculture and Economic Development would total approximately 520 employees. Personnel for the several organizational units of the proposed department would be drawn through transfer from the following existing sources:

### Administrative and Staff Services

From the Livestock Sanitary Board	4
From Administrative Services of the Department of Agriculture	5
From the Administration Division of the Department of Economic Development	7
From the Research Division of the Department of Economic Development	6
From the Publicity and Promotion Division of the Department of Economic Development	4
Sub-total	<u>26</u>

### Deputy Commissioner for Agriculture

From the Office of the Commissioner of Agriculture	5
Sub-total	<u>5</u>

### Industrial Division

From the Administration Division of the Department of Economic Development	4
From the Industrial Development Division of the Department of Economic Development	12
Sub-total	<u>16</u>

### Plant Division

From the Plant Industry Division of the Department of Agriculture	35
From the Plant Industry Division of the Department of Agriculture (part-time)	(14)
Sub-total	<u>35</u> (14)

Marketing Division

From the Grain Inspection and Weighing Unit of the Public Service Department	225	
From the Crop and Livestock Reporting Division of the Department of Agriculture	6	
From the Crop and Livestock Reporting Division of the Department of Agriculture (part-time)	(2)	
From the Crop and Livestock Reporting Division of the Department of Agriculture <u>[Federal]</u>	<u>[22]</u>	
From the Crop and Livestock Reporting Division of the Department of Agriculture <u>[Federal (part-time)]</u>	<u>[(25)]</u>	
From the Economic Practices Division of the Department of Agriculture	21	
From the Marketing Services Division of the Department of Agriculture	10	
From the Marketing Services Division of the Depart- ment of Agriculture (part-time)	(30)	
From the Poultry Industry Division of the Depart- ment of Agriculture	15	
From the Plant Industry Division of the Department of Agriculture	5	
From the Plant Industry Division of the Department of Agriculture (part-time)	(10)	
Sub-total	<u>282</u> , (42),	<u>[22]</u> , <u>[(25)]</u>

Animal Division

From the Livestock Sanitary Board	41
From the Laboratory Services Division of the Department of Agriculture	<u>4</u>
Sub-total	<u>45</u>

Tourism Division

From the Tourism Division of the Department of Economic Development	<u>8</u>
Sub-total	<u>8</u>

Summary of Sub-totals

State full time	417
State part time	56
Federal full time	22
Federal part time	<u>25</u>

Approximate Grand Total 520

ADDENDUM

Working Memorandum Number 2

AGRICULTURE AND ECONOMIC DEVELOPMENT

(Steering Committee Meeting, July 2, 1968)

This memorandum was discussed at some length because of the somewhat innovative approach of considering agriculture an integral part of the economic development of the state. While it was generally conceded that agriculture, divested of its consumer protection and regulatory functions (as proposed in Working Memorandum Number 1) would then become a promotional and developmental activity, some questions were raised as to the appropriateness of merging agricultural development and other economic development. It was agreed that agriculture is an industry in the broad sense of the word; moreover it was the consensus that agriculture serves as a vital base upon which a sizable portion of other industries (manufacturing and processing particularly) depends. Some differences of opinion were expressed regarding the views of citizens living in agricultural areas. One view expressed was that these citizens consider industrial development a threat to their means of livelihood and would fear that agriculture's interests would be lost in the proposed merger. The other view expressed was strongly to the effect that such citizens would like to see small industries established in their areas in order to hold workers close to farm communities and to provide supplementary sources of income for agricultural families.

Although no formal vote was taken on the proposal, the majority appeared to support the merger of agriculture, industry, and other aspects

of economic development into a common department.

The only specific change was that the title of the Industrial Division be changed to the Business and Industry Division. This change should be made in the narrative (pages 4 and 6) and on the proposed organization chart.