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studied are the efficiencies and the costs of various programs, and it's a study that purports not to look at causes but to look simply the internal mechanics of cutting programs or reallocating programs. To some extent, that may be a matter of squeezing out some efficiencies. And the other alternative, though, is cutting the programs. Well, that doesn't deal with all of these factors that cause the programs. Nor does it deal with the alternative of raising taxes. Now, God forbid we should say that, but you know as part of the economic competition that we've been involved in, the state income tax, which in 1997 was higher than it is today, was never restored, even in the tough times of the last economic cycle, and it was restored because it was seen as noncompetitive. Well,...but that was a certain amount of money that's now no longer available for the state budget and has to be considered as such. I think it was \$70 million or \$80 million. yet to resolve and we need the federal government, once again, to resolve the Internet sales problem. You know, just by doing nothing with our tax system, by doing nothing at all, our tax base erodes, in greater and greater numbers every day, because more and more people are relying upon catalog sales and Internet sales from which we get no sales tax whatsoever. Just by solving that problem, the qualifier in Senator Erdman's study, which says...which says that the current levels of spending for Medicaid are unsustainable, could be changed, could well be changed to may be unsustainable. They certainly will be much more sustainable if we simply had the sales tax we're losing to Internet and catalog sales. But again, the federal government will not act. Trade agreements: You know, one of the big items that affects our state budget are our state revenues from our different industrial sectors. Our largest industrial sector is agriculture. Strong arguments can be made for world trade and globalization, but it's going to hurt some industries and it's going to benefit other industries. And if it hurts industries that are large in our state, it's going to be no matter to the They're going to enter federal government. into agreements and, by golly, they're going ahead with them right now. They're entering into agreements that affect agriculture with Australia and with the South American countries, and they're going to be forced to reduce subsidies shortly. going to be a continuing process. You know, there should have