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Private Sector Meeting on North American Trade

Max S. Baucus

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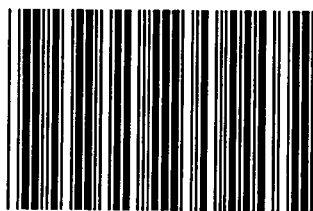
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(2) Subject* **Private Sector Meeting on North American Trade**

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OPENING STATEMENT

BY

SENATOR MAX BAUCUS

PRIVATE SECTOR MEETING ON NORTH AMERICAN TRADE

JULY 25, 1980

I WANT TO THANK YOU FOR COMING HERE TODAY. YOUR PRESENCE REFLECTS THE IMPORTANCE OF THIS ENDEAVOR AND I APPRECIATE YOUR WILLINGNESS TO HELP US.

ALSO TO BE WELCOMED IS ARLAN STRANGELAND (AND JOHN BREAUX) FROM THE HOUSE OF REPRESENTATIVES. THEIR PRESENCE IS VERY TIMELY, FOR I UNDERSTAND THAT THEY HAVE JUST TAKEN THE INITIATIVE TO FORM A HOUSE CAUCUS ON NORTH AMERICAN TRADE. WE LOOK FORWARD TO WORKING WITH THEM IN THE FUTURE IN THIS COMMON, BI-PARTISAN EFFORT.

THE UNITED STATES IS UNDERTAKING A MASSIVE EFFORT TO RESTRUCTURE ITSELF TO FACE THE CHALLENGE OF THE 1980s. IT IS AN EFFORT WHICH WILL SUCCEED AND WHICH WILL PRESENT A REAL CHALLENGE TO THE TRADING WORLD. IT WILL INVOLVE SUCH THINGS AS:

1.) RESTRUCTURING OUR TAX SYSTEM TO ENCOURAGE PRODUCTIVITY AND CAPITAL FORMATION;

2.) RESTRUCTURING OUR EXPORT EFFORT THROUGH REORGANIZATION, THE PROVISION OF INCENTIVES, AND SIMPLIFYING OR CLARIFYING LAWS;

3.) STIMULATING RESEARCH AND DEVELOPMENT TO REGAIN OUR COMPETITIVE EDGE;

4.) ANALYSING ECONOMIC SECTORS TO DETERMINE OUR MAXIMUM EFFICIENCY.

IN MY VIEW, OUR NEIGHBORS ARE SO IMPORTANT TO US THAT WE CANNOT, OR SHOULD NOT, UNDERTAKE SUCH AN EFFORT WITHOUT FULLY EXPLORING WITH THEM THE SIGNIFICANCE OF WHAT WE ARE DOING. THE ALTERNATIVE OF GOING ALONE, OF RETURNING TO A FORTRESS AMERICA CONCEPT, IS NOT GOOD FOR US OR FOR THEM.

THIS MEETING, THEREFORE, IS VERY IMPORTANT.

WE ARE NOT HERE TO STUDY A SINGLE ISSUE, OR TO SUGGEST QUICK SOLUTIONS TO EXISTING PROBLEMS.

WE ARE HERE TO CONSIDER THE FUTURE OF OUR COUNTRY AND ITS POSITION, WHETHER WE LIKE IT OR NOT, ON THIS CONTINENT WHICH WE SHARE WITH GOOD FRIENDS AND CLOSE NEIGHBORS. NO TWO COUNTRIES ARE MORE IMPORTANT TO US THAN CANADA AND MEXICO.

WE ARE UNDERTAKING A VERY IMPORTANT EXPLORATORY MISSION. WE MUST LEARN MORE SO THAT WISE DECISIONS CAN BE MADE. AND WE ARE ASKING YOU TO DO THE EXPLORING FROM THE PRIVATE SECTOR'S POINT OF VIEW AND TELL US WHAT YOU HAVE FOUND. THAT IS THE CRUX OF WHY WE ARE MEETING TODAY.

I HAVE GIVEN MUCH THOUGHT TO TODAY'S MEETING THROUGH HEARINGS I HAVE HELD, AND DISCUSSIONS WITH LEADERS OF OUR COUNTRY, AND OF OUR NEIGHBORS, THROUGH FREQUENT CONTACT WITH PEOPLE SUCH AS YOU, AND IN CONFERENCES I HAVE ATTENDED OR HELD.

LET ME SUMMARIZE A FEW CONCLUSIONS I HAVE REACHED.

FIRST, THERE IS GREAT UNCERTAINTY, DEBATE AND DIVERGENT OPINIONS ON THE SUBJECT OF NORTH AMERICAN TRADE RELATIONSHIPS.

SOME HAVE BEEN TALKING ABOUT AN ENERGY COMMON MARKET.

WHILE I RESPECT THAT VIEW, I AM ALSO A STRONG BELIEVER THAT ENERGY IS SUCH A FUNDAMENTAL PART OF OUR OWN NATIONAL SECURITY THAT OUR PRIMARY GOAL SHOULD BE ENERGY SELF-SUFFICIENCY. OUR NEIGHBORS ARE NOT US; WE SHOULD NEGOTIATE WITH THEM AND WORK OUT COMMERCIAL RELATIONSHIPS IN ENERGY WITH THEM AND NO MORE.

WE SHOULD NOT SEEK AN ENERGY RELATIONSHIP WHICH SHIFTS OUR DEPENDENCY FROM ONE FOREIGN REGION TO ANOTHER.

ENERGY COOPERATION AND COORDINATION, YES.

ANY MORE THAN THAT, NO.

SECONDLY, SOME VOICE FEAR THAT THE U.S. IS SEEKING ECONOMIC AND POLITICAL DOMINATION. OUR NEIGHBORS VOICE OBJECTION TO ANY SORT OF COMMON MARKET FOR NORTH AMERICA.

I WANT TO MAKE ABSOLUTELY CLEAR THAT IN MY VIEW OUR NEIGHBORS ARE TOO RICH, TOO WISE TO PERMIT ECONOMIC DOMINATION. AND WE ARE WISE, TOO. ECONOMIC DOMINATION IS JUST NOT REALISTIC ANYMORE.

NOR IS POLITICAL DOMINATION. THAT IS MUCH MORE INSIDIOUS AND NOT RELATED TO ANY ECONOMIC, COMMERCIAL TRADE RELATIONS. OUR NEIGHBORS ARE POLITICALLY STRONG AND SELF-CONFIDENT AND SURELY KNOW THAT.

AGAIN, SUCH A GOAL JUST PLAIN DOES NOT MAKE SENSE FOR ANYONE SEEKING PEACE AND PROSPERITY IN THE WORLD.

REGARDING A COMMON MARKET, OR EVEN FREE TRADE, I BELIEVE SUCH TALK IS ENORMOUSLY PREMATURE. AN ENORMOUS AMOUNT OF WORK NEEDS TO BE DONE SIMPLY ANALYZING AND EXPLORING OUR CURRENT TRADE RELATIONSHIPS TO SEE HOW THEY MAY BE IMPROVED. THAT IS OUR OBJECTIVE AND IT SHOULD NOT BE MORE THAN THAT.

I WANT TO MAKE THAT CLEAR.

WHY THEN, ARE WE MEETING TODAY?

BECAUSE WE HAVE TO.

THE WORLD IS SHRINKING. ECONOMIC UNITS ARE GROWING EVER LARGER. THE EUROPEAN COMMON MARKET WILL SOON HAVE CLOSE TO 320 MILLION PEOPLE IN IT.

WE ARE A MERE 240 MILLION.

NORTH AMERICA CAN COMPETE IF IT CAN WORK MORE AS A UNIT. WE MAY HAVE MANY ADJUSTMENTS TO MAKE, AND IT WILL TAKE TIME, BUT IN THE LONG RUN, WE ALL CAN GAIN, PARTICULARLY CANADA AND MEXICO.

WE ALSO HAVE TO BECAUSE OUR NEIGHBORS ARE OUR NEIGHBORS, AND ON OUR SOUTHER CARIBBEAN BORDER THERE IS MUCH POVERTY, UNEMPLOYMENT AND TURMOIL.

AS THE WORLD'S RICHEST SINGLE NATION, WE DO HAVE A RESPONSIBILITY TO THOSE LESS FORTUNATE THAN WE. BUT IN TAKING ON SUCH RESPONSIBILITIES, LET US FOCUS ON OUR NEIGHBORS FIRST.

LET US MAKE SURE THOSE CLOSEST TO US THRIVE.

AND RATHER THAN SIMPLY SHOVEL OUT TAXPAYERS' DOLLARS, LET US SEEK NEW ECONOMIC AND TRADE RELATIONS WHICH OFFER THEM AN ALTERNATIVE TO BEING RECIPIENTS OF A HAND-OUT.

PEOPLE HAVE LONG SAID TRADE, NOT AID.

LET US REALLY START HERE IN NORTH AMERICA WITH NEIGHBORS ON OUR SOUTHERN RIM, WHO SHARE THIS PORTION OF THE WESTERN HEMISPHERE.

AND I REALLY BELIEVE THAT WE ALL STAND TO BENEFIT. ONCE WE GET OUR COUNTRY GOING AGAIN, ONCE OUR INDUSTRY REALLY STARTS TO MOVE, WE WILL NEED MORE LABOR, MORE RESOURCES, MORE PLANT CAPACITY. IF WE WORK WITH OUR NEIGHBORS, THEY WILL BE A PART OF NORTH AMERICA'S GROWTH, AND WILL HAVE THE SAME NEEDS.

IF WE DO NOT, THEY RUN THE SERIOUS RISK OF LAGGING EVER FURTHER BEHIND, LIMITED BY SMALL DOMESTIC MARKETS.

AND OUR TASK WILL BE MORE COMPLICATED, TOO.

LET ME CONCLUDE BY SAYING WHERE I THINK WE ARE GOING AND WHAT WE MUST DO TO GET THERE.

FIRST AND FOREMOST, AND THAT IS WHY WE ARE HERE, THE PRIVATE SECTOR MUST SHOW LEADERSHIP. IT MUST SUGGEST NEW IDEAS, NEW APPROACHES AND NEW AREAS FOR CONCENTRATION. THE PRIVATE SECTOR RUNS OUR ECONOMY AND IT IS THE ECONOMY WE ARE TALKING ABOUT.

FOR THIS PURPOSE, WE SHOULD CONSIDER AN INSTITUTIONAL FRAMEWORK WHERE THE PRIVATE SECTOR WILL PLAY A KEY ROLE. WE SHALL DISCUSS THIS LATER TODAY. A NORTH AMERICAN COMMISSION SHOULD BE CONSIDERED AS A POSSIBILITY FOR SOME FUTURE DAY.

SECONDLY, WE MUST SEEK AREAS WHERE COOPERATION AND ACCOMMODATION WITH OUR NEIGHBORS IS POSSIBLE. LET US FOCUS FOR A CHANGE ON AREAS OF AGREEMENT, NOT DISAGREEMENT.

AND LET US NOT FOCUS ONLY ON BIG BUSINESS, AND BIG LABOR.

LET US NOT FORGET THAT ALMOST HALF OUR GNP IS PRODUCED BY SMALL BUSINESS -- AND SMALL BUSINESSES LINE OUR NORTHERN AND SOUTHERN BORDER. GREAT OPPORTUNITIES LIE THERE FOR TRADE, EMPLOYMENT AND CLOSER RELATIONSHIPS IN GENERAL.

AND THIRD, AND LAST, LET US BEGIN THINKING IN NEW GEOGRAPHIC TERMS. LET'S REASSURE OUR NEIGHBORS AND EXTEND A HAND OF FRIENDSHIP TO THEM. LET'S WORK WITH THEM AS PARTNERS TO MAKE THIS CONTINENT STRONGER, MORE SELF-CONFIDENT. LET US FOCUS ON THE POSSIBLE, NOT THE IMPOSSIBLE.

THANK YOU.