6-23-1984

"Leading Montana Forward", State Convention of the Montana Association of Letter Carriers

Max S. Baucus

Let us know how access to this document benefits you.
Follow this and additional works at: https://scholarworks.umt.edu/baucus_speeches

Recommended Citation
https://scholarworks.umt.edu/baucus_speeches/311

This Speech is brought to you for free and open access by the Archives and Special Collections at ScholarWorks at University of Montana. It has been accepted for inclusion in Max S. Baucus Speeches by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.
Senator * or Department*: BAUCUS

Instructions:
Prepare one form for insertion at the beginning of each record series.
Prepare and insert additional forms at points that you want to index.
For example: at the beginning of a new folder, briefing book, topic, project, or date sequence.

Record Type*: Speeches & Remarks

MONTH/YEAR of Records*: June-1984
(Example: JANUARY-2003)

(1) Subject*: Postal Service
(select subject from controlled vocabulary, if your office has one)

(2) Subject* State Convention of MT Association of Letter Carriers "Leading MT Forward"

DOCUMENT DATE*: 06/23/1984
(Example: 01/12/1966)

* "required information"
REMARKS OF SENATOR MAX BAUCUS
STATE CONVENTION OF THE MONTANA ASSOCIATION
OF LETTER CARRIERS
LEWISTOWN, MONTANA
JUNE 23, 1984
"LEADING MONTANA FORWARD"

THANK YOU. I AM PLEASED TO JOIN YOU THIS EVENING.

THIS EVENING, I WANT TO REFLECT UPON THE CHOICE FACING THE
PEOPLE OF MONTANA.

THE CHALLENGE OF THE 1980'S

EACH GENERATION BELIEVES IT HAS A RENDEZVOUS WITH DESTINY.

EACH GENERATION BELIEVES IT IS LIVING AT THE CRITICAL MOMENT
IN HISTORY.

THERE'S A CERTAIN ARROGANCE IN THAT VIEW.

I DON'T KNOW IF WE ARE LIVING AT THE CRITICAL MOMENT.

BUT I DO KNOW WE ARE NOW AT A CRITICAL MOMENT.

SOME OF YOU MAY BE SURPRISED TO HEAR THIS.

WE ARE NOT AT WAR.
We are not in the depths of a nationwide depression.

Our cities aren't burning.

There are few overt signs of disruption.

But as American historian William Woodward has observed:

"The turning points of lives are not the great moments. The real crises are often concealed in occurrences so trivial in appearance that they pass unobserved."

We are at such a turning point today.

We are being quietly, but seriously challenged...

-Challenged by problems we've been reluctant to face:

- Our farmers, ranchers, businesses, and working people are challenged by intolerably high interest rates that once again are creeping upwards.

- Our federal government is challenged by a budget that is out of control.

- Our country's position in international markets is challenged by fierce foreign competition.
Our nation's elderly are challenged by skyrocketing health costs.

Our children and grandchildren are challenged by a nuclear arms race that shows no signs of slowing down.

These are serious challenges.

And the central choice we face in 1984 is whether we take them on...

...or whether we don't.

That's the choice.

The 1980's can become the decade of new solutions... or it can become the decade of lost opportunities.

It's up to us.

Interest rates and the budget deficit

Nowhere is this choice more clear than when we look at the problem of interest rates.

The federal budget deficit is growing by $22 million an hour.
If we don't act, in the next six years the national debt will double...to over $3 trillion.

That debt:

0 drives up interest rates;

0 forces more bankruptcies;

0 prevents American ranchers and farmers from competing in world markets;

0 puts people out of work.

And everyday we put off dealing with the problem, it compounds itself.

That hurts us, but it also hurts the generations to come.

It was Thomas Jefferson who wrote:

"The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves."
JEFFERSON WAS RIGHT.

WE IN AMERICA BETTER START RESPONDING TO HIS ADMONITION.

EACH DAY WE ARE ADDING A BURDEN TO OUR CHILDREN AND GRANDCHILDREN INSTEAD OF LESSENING IT.

EACH DAY WE ARE ALLOWING THE FUTURE TO SLIP AWAY, INSTEAD OF BUILDING IT.

THAT'S WRONG.

WE KNOW IT'S WRONG.

AND WE THINK IT'S ENOUGH TO STARE AT THE PROBLEM AND SHAKE OUR HEADS IN DISAPPROVAL.

THAT'S NOT ENOUGH!

WE'VE GOT TO BUCKLE DOWN.

AND WE HAVE TO DECIDE WE ARE WILLING TO PUT ASIDE OUR DIFFERENCES TO GET THE JOB DONE.

THE FREEZE PROPOSAL.

THAT IS WHY I JOINED A BI-PARTISAN GROUP OF SENATORS IN
PROPOSING A ONE-YEAR BUDGET FREEZE ON ALL FEDERAL SPENDING.

Senators Kassebaum, Grassley, Biden and I got together and decided that these deficits cry out for a unique solution:

- A solution that transcends partisan bickering;
- A solution that transcends the pleas of special interest groups;
- A solution that gets deficits and interest rates down now, not seven years from now.

I'm proud of our proposal.

I know there are some who think the "freeze" is too tough.

But I'm convinced it is the kind of strong medicine we need.

I know there are some who think the "freeze" locks in place spending priorities we may oppose.

But in fact, this freeze would end the hemorrhaging in domestic spending.

And in fact, the freeze would stop our "blank check" approach to defense spending.
There are some who would rather promote gimmicks.

There are some who would rather hide behind smoke and mirrors.

But I will tell you tonight that we won’t get the deficits down until we have 51 members of the Senate and 218 members of the House that have the political courage it takes to get the job done. And I don’t mind telling you that it wouldn’t bother me a bit if those 51 Senators were all Democrats...It's about time we regained control of the United States Senate.

The Deficit Reduction Conference

As Montanans we can’t be satisfied with just getting the deficit down.

We have to do so in a manner that is fair to working men and women.

And in a manner that is fair to Montana.

Both of these points were driven home to me this past week as I've been working on the House-Senate conference on the deficit reduction bill.

One of the items on the table is my proposal to reduce the generous tax benefits on the business use of luxury cars.
There's no doubt that for many Americans the use of their car is a legitimate business expense.

But why should you and I as taxpayers subsidize the entire purchase of a $100,000 Rolls Royce or a $50,000 Mercedes Benz?

The answer is: we shouldn't.

My proposal would limit the degree to which the tax code can be used to underwrite the purchase of luxury cars.

I am pleased it was adopted by the conference this past week.

I'm glad I'm on the conference committee so that I could protect that proposal.

Industrial Revenue Bonds

More important, I'm glad I'm on the conference so that I can fight to protect Montana.

There is a provision in the Deficit Reduction bill that would substantially limit Montana's ability to issue industrial development bonds.

Those bonds are an important part of economic development in
Montana.

They are an important part of the "Build Montana" program.

Under a proposal authored by Congressman Rostenkowski, a cap would be placed on the amount of bonds a state can issue.

The Rostenkowski cap is blatantly unfair. It would permit states to issue bonds based on their population. Big states -- like California -- wouldn't be affected.

But new investment in Montana would be crushed:

- Last year Montana issued $201 million of bonds.
- The cap would limit that amount to $121 million.
- The cap would slash Montana's bond capacity by 40%!
- The Senate conference is considering my amendment to the Rostenkowski cap to permit all states to issue at least $300 million in new bonds every year.

Under my proposal, Rostenkowski's cap would still raise some needed revenue, but not at the expense of the least populous states.

Montana would be permitted to raise the money we need for
NEW JOBS AND NEW BUSINESSES.

I ASSURE YOU I WILL DO EVERYTHING IN MY POWER TO GET THIS IMPORTANT PROVISION ADOPTED.

I AM PROUD TO BE IN A POSITION TO DEFEND MONTANA'S INTERESTS.

CIVIL SERVICE RETIREMENT

THE CONFERENCE IS ALSO CONSIDERING A PROPOSAL TO CHANGE CIVIL SERVICE RETIREMENT. THE FEDERAL BUDGET CONTAINS TWO KINDS OF SPENDING: ENTITLEMENTS WHICH ARE EXPENDITURES OBLIGATED BY LAW AND DISCRETIONARY SPENDING.

HOWEVER, ENTITLEMENTS WHICH INCLUDE SOCIAL SECURITY, MEDICARE AND CIVIL SERVICE RETIREMENT NOW COMPOSE A HUGE PART OF THE BUDGET.

JUST TO GIVE YOU AN IDEA OF HOW MUCH IS INVOLVED, SOCIAL SECURITY AND MEDICARE ALONE COMPOSE 28% OF ALL FEDERAL SPENDING IN THE PRESIDENT'S 1985 BUDGET PLAN.

THAT'S OVER $250 BILLION.

AND AS LONG AS THERE IS A BUDGET DEFICIT, ENTITLEMENT PROGRAMS WILL CONTINUE TO SHOW UP ON SOMEBODY'S LIST OF POTENTIAL BUDGET CUTS.
In the conference, a tentative agreement has been reached to eliminate the reduced annuities for retirees under age 62 adopted by Congress in 1982. The agreement includes eliminating pay reductions for military retirees who go back to the federal government to work.

But these changes won’t stop there. The next Congress will have a full agenda of administration proposed “reforms.”

The administration wants to increase the amount federal and postal workers contribute to retirement. They will probably ask Congress next January to increase that to 8% in the first year after adoption and to 9% the next year.

The Office of Personnel Management also wants to limit full cost-of-living adjustments to the cover only the first $10,000 of annuity. Annuity amount over $10,000 would get a COLA equal to 55% of the change in the Consumer Price Index.

OPM also proposes that future annuities be based on the 5 year average of salaries rather than the current 3 years.

These are changes which will probably not be taken up until the next Congress convenes. However since Congress must enact legislation to create the supplemental retirement for those hired after January, 1984, the administration’s supporters might try to
SLIP THESE CHANGES INTO THE SAME PACKAGE.

I BELIEVE CONGRESS SHOULD LOOK LONG AND HARD AT ALL OF THESE PROPOSALS. THEY SHOULD BE DEBATED ON THEIR MERITS, IF ANY. THEY SHOULD NOT BE ADOPTED WITHOUT HEARINGS AND DEBATE.

CONCLUSION

1984 IS A PIVOTAL YEAR.

NOT BECAUSE WE ARE STARING CATASTROPHE IN THE FACE --

WE AREN'T.

BUT THIS STATE AND THIS COUNTRY ARE POISED AT THE EDGE OF AN IMPORTANT WATERSHED.

WE ARE FACED WITH IMPORTANT CHOICES...

...AND WITHIN THOSE CHOICES LIE AS EXCITING A SET OF OPPORTUNITIES AS ANY GENERATION OF AMERICANS HAS HAD.

TONIGHT, I ASK YOU TO JOIN ME IN A COMMITMENT TO SEIZE THOSE OPPORTUNITIES.

TO CAPTURE THEM AND RIDE THEM AS FAR AS THEY WILL TAKE US.

IT WAS FRANKLIN ROOSEVELT WHO URGED US:
"Let us move forward with strong and active faith."

Let us heed his words.

Let us not look to ideology.

Let us not look to dogmatism.

Let us look to the future.

And let us work together to lead Montana forward.

Thank you.
MEMORANDUM

To: Max, Ken, Pete  
From: Jose  
Re: Letter Carriers Speech (June 23)  
Date: 6/19/84

I called several people to learn more about this weekend's speech and issues which concern the Letter Carriers.

You are to address 150 people at the banquet dinner for the state convention of National Association of Letter Carriers (AFL-CIO). The dinner starts at 7 p.m. and goes until 9 p.m. During the evening, you are expected to give a ten minute speech and then 20 minutes of questions and answers. At some point, they will also have the swearing in of new officers.

Ernie Coppedge, a Lewistown letter carrier is the organization officer working with Sharon on this. He suggests that retirement preservation is a main concern.

The deficit reduction package now in conference contains several proposals of concern to federal and postal retirees. The Senate language is more generous to retirees. The House language is more generous to current federal employees.

RETIREMENT (Civil Service Annuities Are Not Pensions)

Federal and Postal employees and retirees feel very strongly that the distinction between their retirement program and others should not be confused. The Civil Service Retirement fund pays retirees an annuity which should not be confused with a pension. Annuities are based on the employee contribution of salary and an employer contribution. Pensions are based on employer contributions. There is also a difference in payout.

Since the Postal Reorganization Act in the 1970's, postal employees have worked for a quasi governmental, quasi business organization. Employees are unionized and have salaries determined by collective bargaining. However, since the Postal Service used to be part of the federal government, postal employees and retirees are covered by federal (civil service) retirement and health benefits. These are not included in contract negotiations and are under Congressional control.

In the past several years, many changes have been proposed for reducing or capping the cost of living adjustments (COLAs) of civil service retirement.
You have a mixed voting record on the issue. (Your voting percentage with the Letter Carrier's union in 1983 was 80%, but that's sounds better that it really is. In 1982, one federal union gave you a 75% rating, but the retirees group gave you only a 50%. You have, in general, supported cuts and caps in COLAs.)

The main issues on civil service retirement changes are:

1/ Preserving cost of living adjustments. The administration has proposed delays in the annual COLAs. This past April, Congress approved the administration postponement of the May, 1984 COLA until next January. You opposed the package that contained this proposal.

The Senate deficit reduction package contains a proposal to eliminate the cap on COLAs for undisabled retirees under 62 years old. Current law requires that they get one half of the actual COLA. The House version would maintain the status quo which was adopted as part of the FY 83 Budget Reconciliation in 1982. You supported this proposal which they didn't like.

2/ The administration and the Grace Commission recommend that the retirement age be raised from 55 to 65. This idea has come up many times. A gradual rise seems likely in the future, but there is no Congressional interest in the issue this year.

3/ A supplemental retirement program for new hires must be created before January, 1985. Current employees and retirees want to be reassured that the new program will not diminish the benefits for them under the existing system.

4/ The current system provides a COLA based on the Consumer Price Index. There are several proposals to change the formula to a percentage (60 or 70%) of the CPI instead of 100%. There is also an administration proposal for a means test limiting full COLAs to the first $10,000 of retirement with a 55% of CPI COLA on the amount over $10,000.

5/ The administration wants very much to base retirement income on a highest salary earned by the retiree in his last five (5) years of employment instead of three (3) years as done now. This would effectively reduce federal retirement outlays. All the federal and postal unions oppose this.

We received about 400 letters on retirement from retirees in the last couple years. There are 12,000 federal employees and 7000 federal and postal retirees in Montana. I have not found out how many postal employees are in Montana.
Civil Service retirement is an entitlement program. As long as there is a budget deficit and so little of the budget is "controllable" spending, entitlements will be targets for cuts. You can point out what you have been doing for senior citizens in controlling health care costs which is a major drain on them.

CURRENT LABOR CONTRACT – STRIKE POSSIBLE

Negotiations began on April 24 to renegotiate the current labor contract which expires July 20. The Postal Board of Governors is dominated by Reagan appointees that the union consider "unfriendly."

The Postal Service has proposed a contract which the Letter Carriers consider offensive. No compromise has been reached. The national convention for the organization will meet in August. At that time, if no settlement has been reached and arbitration has not worked, it is possible, they may discuss a strike.

The Postal Service has proposed a two tier salary system where new hires will be paid 33% less than current employees. In addition, all salaries would be frozen for the life of the contract (3 years).

This proposed contract also makes changes in work rules covering base pay, overtime and the payment of COLAs in 3 lump sum installments instead of adding them to pay checks.

The Postal Service has shown remarkable improvements in productivity, handling more mail with fewer employees and operating in the black recently. The unions want more money and benefits since they made several "concessions" and accepted "givebacks" in the last negotiations.

We have received only one constituent letter on this. She asked that you support the union.

PRIVATE EXPRESS (POSTAL SERVICE MONOPOLY ON 1ST CLASS MAIL)

The Postal Service enjoys a monopoly on delivery of first class mail. This was granted by the "Private Express Statute." Senator Symms and other conservatives, urban and rural, supported ending the monopoly. Legislation to repeal the private express statute has come before every Congress for about twenty years, but has never been considered.

Most rural Senators have opposed repeal because they fear service to rural areas will cease to exist. Judging from our experience with airline deregulation, you have assured postal employees that you oppose repeal.
Some conservative group tried to start a letter writing campaign to generate support for repeal, but we got very little mail on the subject (20 or so pre-printed postcards).

HEALTH BENEFITS VOUCHER SYSTEM

The health insurance program for federal and postal employees and retirees now guarantees that the federal government will pick most of the cost, regardless of amount, for any approved health insurance program and employees pay a portion.

The administration has proposed a "voucher" system where employees will continue to choose the health insurance program they prefer, but the federal government will pay the same dollar amount to all employees regardless of the insurance cost they choose.

All of the federal and postal unions oppose this program. This issue is not likely to be considered until the next Congress.

Your only vote on federal employees and health issues was on requiring federal employees to contribute to Medicare. You voted against this because it was part of a package you opposed. (Greg Raab would have recommended that you vote for it if it had come up separately.)

THE HATCH ACT

There are no major proposals pending before Congress to change the Hatch Act, but this might be raised. Postal workers are also covered by it.