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"Harnessing the Winds of Change", Montana AFL-CIO Convention

Max S. Baucus

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SPEECH BY SENATOR MAX BAUCUS
MONTANA AFL-CIO CONVENTION
"HARNESSING THE WINDS OF CHANGE"

INTRODUCTION

THANKS, AND HELLO TO JIM (MURRY), DON
(JUDGE), AND OTHER FRIENDS ....

SIXTY-SIX YEARS AGO TODAY, FRANKLIN DELANO
ROOSEVELT COMPLETED HIS FIRST CAMPAIGN SWING
THROUGH MONTANA. HE WAS RUNNING FOR VICE
PRESIDENT AGAINST THE HARDING/HOOVER TICKET.

THOSE WERE THE ROARING TWENTIES, WHEN THE
STOCK MARKET WAS SOARING AND WALL STREET
SPECULATORS WERE RAKING IN MILLIONS.

BUT FDR UNDERSTOOD THAT ECONOMIC DEVELOPMENT
IS ABOUT MORE THAN EASY PROFITS FOR THE PRIVILEGED
FEW.

IT'S ABOUT JOBS.
It's about people.

It's about a decent standard of living for working men and women.

That's as important today as it was in the 20s.

It's fine for President Reagan to crow about the stock market and corporate balance sheets.

But, whether he knows it or not, this country's economic foundation is crumbling beneath our feet.

The Trade Crisis

In many ways, the economic problem comes down to international trade.

Last week, you sent me a "trade basket." It was filled with American products, like wheat, lumber, and copper wire, that face fierce foreign competition.
THAT TRADE BASKET SYMBOLIZES THE GREATEST CHALLENGE OUR COUNTRY HAS FACED SINCE WORLD WAR II.

THIS YEAR, OUR TRADE DEFICIT MAY EXCEED $170 BILLION.

FOR EVERY $2 WORTH OF U.S. GOODS GOING OUT, $3 WORTH OF FOREIGN GOODS WILL BE COMING IN.

AS A RESULT, TRADE SENSITIVE INDUSTRIES LIKE AGRICULTURE, MINING, FOREST PRODUCTS, AND MANUFACTURING ARE SLIDING INTO A RECESSION, DRAGGING COMMUNITIES AND ENTIRE REGIONS DOWN WITH THEM.

MILLIONS OF JOBS HAVE BEEN LOST, AND OUR STANDARD OF LIVING IS DECLINING FOR THE FIRST TIME IN DECADES.

YOUR LEADERSHIP UNDERSTANDS THIS. AS JIM TOLD THE WETA CONFERENCE THREE WEEKS AGO, "WE SIMPLY CANNOT SIT BACK AND WATCH THE EROSION OF THE ECONOMIC BASE OF THIS COUNTRY."

IT'S TIME TO FIGHT BACK.
But we've have to fight back on two fronts. We have to attack unfair foreign trade practices. And we have to restore America's lead in productivity growth.

Trade Law Reform

The first step is attacking unfair foreign trade practices.

For years, America has played the patsy.

We have naively tried to achieve free trade by example.

But other countries haven't followed our example. They've protected their own markets and subsidized the invasion of ours.

Japan blocks our beef exports.

Canada floods our market with subsidized lumber.
The list goes on and on.

A few weeks ago I learned about a Montana cement producer who submitted the low bid on for a project up in Alberta, but was rejected because he wasn’t Canadian. I’ve intervened in Ottawa, and I think we can turn that one around.

But enough is enough.

American industry can slug it out with anybody, but not with one hand tied behind its back.

That’s where the trade laws come in.

Our trade laws are designed to make sure that American companies and foreign companies play by the same rules. But in fact, these laws are riddled with loopholes and haven’t been enforced.

At the beginning of this Congress, I worked with your Washington representatives to write the “Trade Law Modernization Act,” which closes
LOOPHOLES AND CRACKS DOWN ON UNFAIR FOREIGN TRADE PRACTICES.

SIX MONTHS AGO, THE HOUSE PASSED A TRADE BILL THAT INCORPORATES MANY OF OUR IDEAS.

THE BILL HAS BEEN SENT OVER TO THE SENATE FINANCE COMMITTEE.

I'M ON THAT COMMITTEE. WE'VE HELD ABOUT 20 DAYS OF HEARINGS. WE'VE GONE OVER THE BILL WITH A FINE-TOOTHED COMB.

BUT THE REPUBLICAN LEADERSHIP OF THE COMMITTEE STILL WON'T BRING THE BILL UP FOR A VOTE.

FRANKLY, THEY'RE STALLING.

AND DOWN AT THE WHITE HOUSE, PRESIDENT REAGAN CALLS EVERY SINGLE TRADE BILL PROTECTIONIST. HE SEEMS TO HAVE TAKEN HIS TRADE POLICY FROM THE LINE IN AN OLD MARX BROTHERS MOVIE: "WHATEVER IT IS, I'M AGAINST IT."
WELL, LET ME TELL YOU SOMETHING.

HE'S NOT GETTING OUT OF THIS ONE SO EASY.

MEANINGFUL TRADE LAW REFORM IS LONG OVERDUE.

AND WE'RE GOING TO GET IT.

LAST WEEK, SENATOR LLOYD BENTSSEN AND I PERSUADED ALL 47 SENATE DEMOCRATS TO ISSUE A STATEMENT CALLING FOR ACTION ON A TRADE BILL THIS YEAR.

IF WE CAN'T CONVINCE THE REPUBLICANS ON THE FINANCE COMMITTEE TO COOPERATE, WE'LL TAKE TRADE REFORM STRAIGHT TO THE SENATE FLOOR.

AND THEN, WE'LL LET THE CHIPS FALL WHERE THEY MAY.

INCREASING PRODUCTIVITY

BUT LET'S NOT KID OURSELVES.
ATTACKING UNFAIR FOREIGN TRADE PRACTICES IS ONLY PART OF THE PROBLEM.

IN THE LONG RUN, WE CAN ONLY KEEP AMERICA NUMBER ONE ECONOMICALLY IF WE INCREASE OUR PRODUCTIVITY FASTER THAN OUR FOREIGN COMPETITORS INCREASE THEIRS.

BUT THAT HASN'T BEEN HAPPENING.

SINCE 1960, AMERICA'S ANNUAL PRODUCTIVITY GROWTH RATE HAS BEEN 2.7%.

SOUNDS PRETTY GOOD.

BUT BRITAIN'S HAS BEEN 3.6% AND JAPAN'S HAS BEEN 8%.

WE'VE GOT TO TURN THIS TREND AROUND.

IN THE END, WE HAVE TO COMPETE OUR WAY OUT OF THE TRADE DEFICIT, BY INCREASING OUR PRODUCTIVITY GROWTH RATE.
Don't get me wrong. In some circles, "productivity" is a code word for business tax breaks, deregulation, and union-busting. **To the contrary**, productivity should mean giving the American worker the tools he needs to compete in a changing world.

So how do we increase productivity?

We increase productivity by improving education.

Our kids will need high-tech skills to compete in the fast-paced job market of the 1990s.

So instead of spending $100 million to finance a war in Central America, we should be putting more computers in our classrooms and paying teachers a decent wage.

We increase productivity by increasing savings rates.
THE SMALL BUSINESSES THAT PRODUCE MOST OF OUR NEW JOBS NEED LOW-INTEREST CAPITAL SO THAT THEY CAN MODERNIZE AND EXPAND.

But our savings rate is the lowest in the industrialized world. So should be doing all we can to encourage families to save more, by expanding pension plans and IRAs.

We increase productivity by developing a more flexible workplace.

We're the only industrialized country that doesn't guarantee parents the right to spend time at home with a new child and then return to work.

This is bad social policy.

But it's also bad economic policy, because we're preventing millions of talented women from realizing their full economic potential.

Finally, we increase productivity by improving labor-management cooperation.
AMERICAN MANAGERS WILL SACRIFICE WAGES AND WORKERS BEFORE THEY'LL SACRIFICE A QUARTERLY EARNINGS REPORT.

IN CONTRAST, OUR FOREIGN COMPETITORS SUCCEED BY MANAGING FOR THE LONG TERM. THEY BUILD TRUST AND GIVE WORKERS A STAKE IN THE OPERATION.

IT WORKS THERE, AND IT CAN WORK HERE.

CONCLUSION

SO WE HAVE TWO GOALS.

FIRST, WE HAVE TO OUTMUSCLE THE SENATE REPUBLICANS AND PRESIDENT REAGAN TO PASS A TOUGH TRADE REFORM BILL.

THAT WON'T BE EASY.

AND WE'LL NEED YOUR HELP.
EVEN IF WE SUCCEED, WE'LL HAVE TO INCREASE AMERICAN PRODUCTIVITY. THAT WILL BE A GREAT CHALLENGE.

But after all, meeting challenges is what Montana is all about.

As FDR wrote on the night before he died, "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

Thank you.
Even if we succeed, we’ll have to increase American productivity. That will be a great challenge.

But after all, meeting challenges is what Montana is all about.

As FDR wrote on the night before he died, "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

Thank you.