Democratic Response to Presidential Radio Address

Max S. Baucus

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DEMOCRATIC RESPONSE BY SENATOR MAX BAUCUS TO PRESIDENTIAL RADIO ADDRESS

Good afternoon. I'm Senator Max Baucus of Montana.

Today I'd like to speak to you about a very important issue which President Reagan mentioned in his State of the Union message Tuesday night: America's international competitiveness.

Why is competitiveness so important?

Ultimately, our ability to compete in the world market determines our standard of living.

It determines whether the American dream of rising prosperity will come true for our children and grandchildren.

Frankly, that dream is in danger.

- In 1957, Americans produced 40 percent of the world's Gross National Product. Today, we've slipped to less than 30 percent.

- Countries like Germany and Japan are increasing their productivity and living standards more than twice as fast as we are.

In short, our foreign competitors are catching up, and they're catching up quickly.

That has had a dramatic effect on the lives of most Americans.

- Did you know that the average 50-year-old worker takes home less real income today than he did in 1973?
And did you realize that the median income of the average American family has actually fallen in recent years, and is now back at the same level as in 1970?

These facts probably don't surprise you. You have to deal with them every day.

You've had to make adjustments.

- Maybe you've put off buying that new car;
- Or you've had to take a second job;
- Or perhaps your spouse had to find a job to help pay the family bills.

It's affected everyone -- from the farmers, timbermen and hard-rock miners of my state of Montana, to the high-tech manufacturers of the Silicon Valley.

A dramatic reminder of the crisis came yesterday. The Administration announced that in 1986 we had a huge trade deficit of 170 billion dollars.

That's the largest trade deficit in the history of this nation -- in fact, in the history of the world.

It's a national disgrace.

Is this anything new? No, it's not.

Two years ago the President's own Commission set forth an extensive and comprehensive program for regaining America's competitiveness.

But the President ignored it. And America lost two more years in the battle to become competitive.

And now his State of the Union proposals are too few, and too weak.

There's no clear plan for getting our farmers a better price for their crops in world markets. And all his other proposals are weak tea.

But the Congress is ready to develop comprehensive legislation that attacks this problem head-on -- legislation that attacks foreign trade barriers, but also proposals that address those things we need to do at home to make us more competitive.

That means, for example, improving education. When a Japanese student finishes high school, he has the equivalent of four more years of education than an American student. We can't be a world class power if we don't have world class schools.

It means investing in our workforce. Between 1974 and 1984, more than 11 million Americans lost their jobs. We can't be
productive as a nation unless we are productive as a people. We must make a greater commitment to retraining our workers.

Competitiveness also means encouraging innovation. America is the land of Thomas Edison and Henry Ford. But in 1985, foreigners received over 40 percent of all U.S. patents. That has to change.

Finally, it means ridding ourselves of a mountain of debt. We are now a nation of borrowers -- and the federal government is the biggest borrower of all.

That drives up our capital costs, discourages necessary investment, and puts us even deeper into debt.

America's competitive decline is our most serious, and complex, economic problem.

It developed over 30 years. And it won't be solved overnight.

It will take a serious and sustained effort by business, labor, academia, and government -- and by Congress and the President working together.

Most members of Congress recognize this.

One-hundred and eighty of us -- Democrats and Republicans -- have already formed a "Competitiveness Caucus" to enact solutions.

We welcome the President's involvement. And we will give him an opportunity to support a serious and comprehensive legislative program that will put America back on the path to world economic leadership.