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DSCC (Democratic Senatorial Campaign Committee) Business Roundtable

Max S. Baucus

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01/22/1992
Remarks by Senator Max Baucus  
to the DSCC Business Roundtable  
January 22, 1992  
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First, let me thank my good friend David (Pryor) for his gracious introduction. I was once told that in politics, the loftiness of one's rhetoric is often inversely proportional to the depth of one's friendship. In David's case, however, I've always been pleased to count him as one of my best friends.

I'd also like to thank all of you for your continued support of the DSCC and of many individual candidates. Speaking as a not entirely objective observer, as I look at where this country is today and where it's headed, we need a change of direction and some real leadership.

That's why it's important for Senate Democrats to expand our majority. And certainly your efforts to help achieve that goal are greatly appreciated.

David's asked me to talk about a pair of environmental bills very close to my heart, and extraordinarily important to this country. One's the Resource Conservation and Recovery Act. The other is the Clean Water Act.

I'll be glad to do that, and address them as part of the larger economic and political environment Democrats are in right now.

All earth's powers are due to the gift of water. A Roman author, Pliny the Elder, wrote that nearly 2000 years ago. Even he was a late comer to the facts, but he was no stranger to the problems.

He saw how much water meant to his society. And he also saw how much society could do to harm it. He wrote about poisoned water, dead fish, and stricken people.

But he attributed the problems, not to people, but to mystical forces people couldn't control. Fortunately, we know better.

Last year, I held extensive hearings on the Clean Water Act amendments. And discussions are continuing with a variety of groups. I hope to mark up the bill early this year.

This year marks the 20th anniversary of the landmark Clean Water Act of 1972. And while we have achieved some remarkable progress, the promise of fishable, swimmable waters, and zero discharge of pollutants remain unfulfilled.

Today, 30 percent of all the river miles we've looked at fail to fully meet their designated water quality standards.
Twenty-five percent of our lakes are currently impaired, and an additional 20 percent are threatened by pollution.

And 29 percent of assessed estuaries cannot meet the uses designated for them by the states.

So while Senator Chafee and I believe that the basic framework of that act is sound, certain improvements are necessary.

To begin with, we're trying to shift the focus of our efforts. To prevention, as well as treatment.

Pollution is waste. It takes its toll on the economy. From greater costs to treat water used for drinking or manufacturing. From the loss of tourism and recreational business. And from the bans on certain fishing or the closure of shellfish beds.

Eliminate the pollution and a company not only aids the environment, it improves its competitive position.

Believe me, I've heard the claims that pollution control is a barrier to competition. But, I think that comes from an over reliance on the traditional "end of pipe" treatment remedies.

We need to change our thinking. We need to start considering the whole facility when we think about pollution control.

We do not want EPA regulating industrial processes. But we do want to encourage industries to be more creative, to use every opportunity to reduce and prevent pollution.

Our Clean Water bill has several strong incentives in that direction.

We also need a better scientific base for our decisions. And that means more water quality research and better monitoring.

Over the years, we've drifted toward complacency in our efforts to understand and control water pollution. If we're going to do any better, we've got to have more refined analysis so we can develop technology and procedures to deal with pollution in the most effective way.

A sound scientific base means we can direct resources toward controlling the real pollution problems, not pseudo-problems. Our goal is to prevent and clean up waste, not engage in wasteful pollution control.
A consensus also has emerged on the need for greater control over toxic water pollutants, especially those that accumulate in the biosphere, such as PCBs. Or those that are discharged into essentially "closed" systems, like the Great Lakes.

With the 1987 amendments, we made considerable progress in this area. Our current bill builds on the effort to control so-called toxic "hot spots" and to control the discharge of toxic pollutants into municipal sewer systems.

We are moving forward on the Clean Water Act. But we still have a way to go. And we certainly welcome additional perspectives as we approach mark up.

The same is true for the Resource Conservation and Recovery Act, which our subcommittee will mark up and pass this winter.

As in the Clean Water Act, we will be focusing on pollution prevention. We have found clearly documented cases of industries wasting less and translating that into more profit.

Americans throw away enough garbage each year to bury Washington, D.C. more than 1000 feet in the stuff. To many of you, that may not seem like a bad idea.

But the fact is, Americans generate too much garbage. It's not only consuming natural resources, it's costing more and more money to dispose of it.

The RCRA bill will emphasize reducing the amount of garbage we generate. It will also focus on recycling and reuse. Only after exhausting those possibilities will it deal with the disposal of what's left.

Waste minimization is important to industry from an efficiency -- and competitive -- standpoint. Recycling uses fewer raw materials, consumes less energy, and generates lower pollution.

It's also of critical importance to the thousands of municipalities that are quickly exhausting available landfill space.

And new landfill regulations have recently become effective to prevent garbage sites from becoming environmental blights. As communities come into compliance, disposal costs will rise. This should encourage cities and towns to recycle and reduce the amount they throw away.

But we also need to stimulate demand for these recycled materials. It's counterproductive to collect materials for recycling only to throw them away when the market for them
collapses. Our bill helps create those incentives.

I was in Europe earlier this month, looking into some of their recycling operations. They have some interesting approaches.

To be honest, I'm not sure how many could be adopted directly in this country. But there are some ideas I think will prove useful as we develop our own recycling legislation.

For instance, Germany, the most competitive economy on the continent, also has the strongest recycling program.

In the legislation I've just summarized, I think there are some lessons for our economy -- and I don't mean that it's a hopeless waste land. The lessons are protect, restore, invest so we can use what we have more effectively.

Lately, that hasn't been happening, and I'd like to talk about that with you for a few minutes.

In the 1980's, we went on a spending binge. Only it wasn't tax and spend, it was charge and spend.

Government, business, individuals. None were immune from this siren call. We didn't invest, we spent. We didn't save, we spent.

The way the Reagan and Bush Administrations saw the economy, it was one big party of champagne and cake and dance 'till you drop.

Now, the party's over, and a lot of people who never even got an invitation are out of luck and out of work.

What we have is not a normal recession. It is the result of mistakes that could have been avoided if there had been a strong sense of fundamentals, a long-range plan, and some discipline to go with it.

So when I read in the paper the other day about Boris Yeltsin saying to angry Russians: "We lost time. If we had started [the] reforms two years ago, we would be living normally now," I think to myself, "Boris, at least you're one president who learned fast."

There's no question that the Russian Republic is in a lot worse shape. But my worry is that we're also headed down, not up.

The question now for all of us is this: Have WE learned enough from the dissolute, aimless 80's to rebuild the economy
into something sound and solid -- not just for today, but for tomorrow as well?

Not just for ourselves, but for our children and their children, as well?

I think the Democratic Party has learned plenty. The people who lead the party know our productivity gains since the mid-1970's are the poorest of all the G-7 nations.

They know our per-capita income has dropped far enough to put us in seventh place internationally. Net investment, net savings, our standard of living are all down.

Maybe the rank and file don't care much about the specific numbers, but they sure have to live with the results.

After the 1980's produced a forty percent drop in investments for education, training, children's programs, infrastructure, and civilian R&D, their families feel it.

There's serious trouble in this country, and it's not just politicians talking; it's people hurting. And if we're going to stop the hurt and get our economy back on track, there are a few things I think are essential.

Many of the people who led this country in the post-war years came prepared because of the GI bill. Decades of scientific investment -- not dumb luck -- brought us transistors, computers and a revolution in the capacity of business men and women today to deal in volume and variety.

Every major advance in our history, from the Louisiana Purchase to biomedical research was the result of one generation having sense enough to leave keys under the doormat for the next one.

They made investments.

Now, it's our turn. We need a permanent research and development tax credit to help make our science more consistently aggressive. We need to revive IRAs as a means to increase long-term saving to help create capital.

And, yes, we even need a capital gains-style incentive to encourage investments in new, innovative companies.

We need to invest in people through job training, and education. And after so many years of breast-beating, we must make a serious investment in our infrastructure.

And we can't just lob money, and hope it hits where it can
do some good. That's already been tried. The result?

For more than a decade, the federal deficit's been grazing like Babe the Blue Ox in capital markets around the world.

It has raised the cost of capital in the private sector, added billions to the debt service costs of all levels of government, and made us more reliant on foreign sources of funds.

Unless we consume less and invest more now in strategies to makes us stronger, that ox is going to eat us alive. So we have to make focused choices and investments.

Business and industry have to do some changing, too. Make some investments. You know where better than I do.

The quality of engineering has to improve, and quality control in general has to get better, as well. Whether it's zero-defects at Motorola, or renovating management approaches at General Electric, we've got the people and the minds to be better than ever before, and better than anybody else. But we have to DO it.

Now there has been a lot of talk recently about middle income tax relief. And there's something to it. I don't have figures for this, but it's clear, at least to me -- that a lot of people live from paycheck to paycheck.

They pay their bills. Save what they can. And if they're lucky enough to have a job, they work hard at it.

Those are the people who sustained this country while we fought and won the cold war. And they could use a break after all the effort they've already put in.

But let's keep focused on the real goal. The "Long Haul." It's vital that we build to last. We just can't afford a quick, feel good, policy if it comes at the expense of a solid, long term strategy.

Which reminds me of a comment once made by the comedienne Lily Tomlin, who said if it weren't for false hopes, the economy would just collapse entirely.

Sarcasm aside, I think there might be just enough primitive wisdom in that notion to bring our thinking to order.

Investment. Saving. Building. Discipline. Those things are real, not false hopes. They're essential virtues that must be the bedrock of our economic decisions.

Our main economic agenda must focus on restoring our
economic competitiveness. It's best for the nation. And it's not bad for Democrats, either.

People know something is wrong. If they see Democrats addressing what they in their hearts know to be a fundamental problem, it will not only help restore their confidence in the economy, it will renew their faith in the Democratic party.

Of course, everybody talks about competitiveness these days. "We've got to do better than Japan," some say. "Watch out for the European Community."

And, of course, it was Walter Wriston who gave us the ever-popular idea of a "level playing field."

But let me tell you something. The playing field isn't our only problem. The practice field is a big problem, too.

Nations that sell to us aren't always as willing to buy from us. So we need a serious, aggressive trade policy that will counter the unfair tactics of others, such as the EC's Airbus, or Japan's Keiretsu system.

And we need to ensure that when we make trade agreements, the other countries will live up to them.

That's the purpose of my proposals to renew the so-called Super 301 provision of the trade law and to put some teeth into enforcement of trade agreements.

We also have our own shortcomings. We're part of an international economy. How big a part depends on how good we are. How well we produce products that not just the Japanese, but that Americans want to buy.

I think it's very important to the American worker and to our national sense of economic reality to understand than when the idea of competition comes up, we aren't talking just about everybody playing by the same rules. We're talking about improving ourselves.

Regardless of the specific choices we make, it's going to cost. The deficit -- driven higher all the time by increasing interest costs on the national debt -- shadows everything we do. But because investment is so important, we'll have to find ways to pay.

The savings from the defense budget couldn't come at a better time. It will go a long way toward providing a fresh, new investment base the economy badly needs.

And we need to explore the tax code to see where changes can
be made to encourage savings and lighten the tax load as elements in a long-term strategy to strengthen our competitive position world wide.

A while back, the historian Arthur M. Schlesinger Jr., wrote a small book called The Disuniting of America. It's about the centrifugal tendencies in our society, the things pulling us away from one another.

We're all conscious of them, from the larger cultural and ethnic divisions, to something as basic as 100 channels on our television sets.

A lot of authors in the last few years have said pretty much the same thing. They say we've lost our center, and wonder how we get it back. They also ask, "Why do Americans hate politics?"

I don't think Americans have ever loved politics. But they do like to hear straight talk about where we are and where we must go, so they can make a choice.

I think restoring the sense of clarity of purpose -- even over our differences -- is a unifying force. It gives people confidence that they aren't being jerked around.

This year, Democrats have to say what they think, and deliver. It's not partisan to disagree, as long as you've got a legitimate case to make. And we certainly do.

The first of the primaries is only a few weeks away. And from where I sit, it looks to me as though George Bush is about to become a two-term president. Those two terms are "lost vision" and "failing confidence."

Democrats have the same chance at two terms. Only ours ought to be "teamwork" and "leadership."

All the other terms -- jobs, investments, competitiveness, improving standard of living -- all those will grow from a Democratic party that has sense enough to understand the fundamentals and work at them.

Partisan? A little. But the fact is, we've got plenty to offer. We have the vision and the ability to take us where we need to be.

I think the country is ready for this kind of Democratic leadership. It's up to us, now, to be ready for them.

Thanks.
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Infrastructure -- lack of peace dividend. Appropriations for next year. Few legislative days left. Unless we can separate the contentious issues (wetlands) from the basic funding needs, I fear that authorizations may expire.