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"Beginning a Dialogue on the Environment", National Association of Manufacturers

Max S. Baucus

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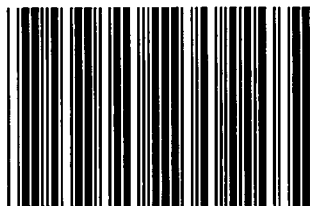
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BAUCUS

NATIONAL ASSOCIATION OF MANUFACTURERS
"BEGINNING A DIALOGUE ON THE ENVIRONMENT:
NEW PARTNERSHIPS - NEW SOLUTIONS"

A NATIONAL CONFERENCE WITH THE 103RD CONGRESS,
THE CLINTON ADMINISTRATION, AND INDUSTRY

APRIL 21, 1993
THE MAYFLOWER HOTEL,
WASHINGTON, D.C.

"BEGINNING A DIALOGUE
ON THE ENVIRONMENT"

THE HONORABLE MAX BAUCUS,
CHAIRMAN, COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS, AND
MEMBER, COMMITTEES ON AGRICULTURE,
NUTRITION AND FORESTRY; FINANCE;
JOINT TAXATION AND SELECT INTELLIGENCE
U.S. SENATE

MR. ENGLE: Good afternoon. I think we'll get our program underway if I could have your attention for a minute.

My name is Mark Engle. I'm with the American Coke & Coal Chemical Institute. Now, let's start by extending our appreciation to NAM, Dick Seibert and his capable staff for putting this program together for the last two days. We appreciate the opportunity to be a part of this. Thank you, Dick, and your staff.

This conference has been both timely and pertinent for any manufacturer. The environmental agenda continues to consume vast corporate resources, including time, energy and funding, and Congress has become increasingly attuned with the environment. Not a fad for the nineties, but certainly a factor for up to the year 2000.

Clearly a man who has been and will continue to be a prominent figure in this business of environment is Senator Max Baucus. He's a key part of the new leadership in Washington, and we're pleased to have him here as our keynote speaker today.

Senator Baucus has represented Montana in the United

States Congress since 1974. He served two terms in the House of Representatives before being elected to the Senate in 1978. Now in his third term, he sits atop the senatorial pyramid for environmental matters.

As Chairman of the Senate Environment and Public Works Committee, and the youngest chairman of a full Senate committee, his number one priority for the committee is to meld the environment, trade and economy into a mutually inclusive scenario.

One of his first committee hearings was on the environment and NAFTA. Mr. Baucus has distinguished himself as a consistent and solid leader on environmental issues. As Chairman of the Environment and Public Works Committee, he is the premiere environmental legislator in the Senate.

He was the principle Senate author of the landmark 1990 Clean Air Act, which many of you in this room were a part of, and last year he introduced the nation's first National Recycling Bill and the Resource Conservation and Recovery Act Amendment.

During the upcoming 103rd Congress, the Senator's Environment and Public Works Committee will have a full environmental agenda, including reauthorization of the Endangered Species Act, the Clean Water Act, and of course Superfund. The Committee will also play a significant legislative role through its oversight of the repair and modernization of the country's physical infrastructure.

He is also a senior member of the Senate Finance Committee, where he chairs the International Trade Subcommittee.

Senator Baucus also serves on the Senate Agriculture and Intelligence Committees.

His bio is the only one in the Congressional yellow book to take a full two pages. I'm abbreviating this as much as possible. But he certainly takes his work most seriously, and confronts all of these challenges with compassion.

As Chairman of the International Trade Subcommittee, Mr. Baucus is recognized as a major force in the Senate on free trade, competitiveness and foreign trade agreements. He studied a wide variety of issues, including the growing connection

→ DOT, EPA Confirmation hearings, plus other environmental hearings preceded this

between the environment and trade policy and the importance of market opening free trade practices.

He's been an outspoken proponent of enforcing and strengthening existing trade laws, focusing a sharp eye on the need for the United States to develop new industries and technologies in order to compete in the emerging global marketplace.

* Senator Baucus is also Co-Chairman of the Senate's Competitiveness Conference and also the Senate's Competitiveness Caucus, and also the Senate Beef Caucus. Please extend a warm welcome to Senator Max Baucus. (Applause.)

SENATOR BAUCUS: Thank you very much, Mike, for that introduction. I apologize for being a little bit late today. I just returned from a speech by the President. Since it's the day before Earth Day, he did his Earth Day speech at the Botanical Gardens. It was a command performance. He asked me to be there, along with many others in the Congress.

And, it's very interesting because his comments were quite similar to my remarks, and I think that augurs well for our country, insofar as there's a general convergence, I believe. Touring the country, some common themes begin to emerge now, in the post-Cold War era, where the world has become a bit fragmented, ~~or where various misopies are beginning to rise.~~

A whole new era that our world faces and how we approach our common motives, working out differences between trade and environment and essentially ~~just~~ coming together more as Americans. I see this not only in presidential speeches, but a lot of talks that many others are giving in other parts of the country. in

I did want to thank you, Mark, for that introduction. Over the years, I've had the opportunity to work with the National Association of Manufacturers on many important trade issues, from opening Japanese markets -- Mark somewhat alluded to them -- to improving compliance with trade agreements. We haven't always agreed on all those issues, but we have always tried to communicate and find common ground, and I have the utmost respect for NAM.

Now that I've become a chairman of the Senate

Environment and Public Works Committee, I look forward to developing the same kind of relationship with the National Association of Manufacturers on environmental issues. ~~¶~~ So I appreciate this invitation to your conference. It's very timely.

Not simply because tomorrow is Earth Day, but because we are on the brink of an extraordinary new era in environmental policy. ~~something I just alluded to in my opening statement.~~ We face new challenges.

This post-Cold War era is revolutionary, and our success will be determined in large part by whether we as Americans can break old patterns of mistrust and misunderstanding, whether we can end the religious wars between business and environmental communities, and whether, as your conference title suggests, we can build new partnerships that promote economic and environmental progress.

Let me step back for a moment and try to put ^{this} ~~just a bit~~ into perspective. Up until now, there have been two eras of American environmental policy. The first is the "Golden Age." It began roughly speaking 23 years ago, tomorrow, on Earth Day 1970, when millions of Americans participated in a nationwide environmental teach-in.

That first Earth Day showed that people were tired of burning rivers, smog-blackened skies, toxic waste dumps, ~~and~~ they wanted change. ~~And~~ Over the next decade, Congress responded by passing the Clean Water Act, the Clean Air Act, the Endangered Species Act, and Superfund.

Then came the second era. I call it the "Dark Ages." President Reagan tried to turn the clock back, and Congress fought him every step of the way. Consensus disappeared. The business and environmental communities squared off. Both sides were convinced that they were playing a zero-sum game, putting the economy against the environment. Both sides became distrustful, and both sides became shrill. It was gridlock, plain and simple.

Now we're on the verge of a third era. Call it an "Environmental Renaissance." The most telling evidence of this new era is refreshing search for common ground, and this conference is but one example. There are many more: (no new TP)

← Bruce Smart's book, Beyond Compliance, the recent New York Times series on the economics of environmental policy, and the work of business environmental leaders like Frank Popoff and Jonathan Lash, who are exploring win-win solutions that protect the environment and create jobs.

The same message keeps coming through. We don't have to remain locked in a zero-sum game. Economic progress and environmental progress don't have to ~~always~~ remain at odds. In fact, it's becoming increasingly clear that we can't have one without the other.

The National Commission on Environment, chaired by Russell Train, recently put it this way ~~quote~~ "Economic and environmental well-being are mutually reinforcing goals that must be pursued simultaneously if either is to be achieved. Economic growth cannot be sustained if it continues to undermine the healthy functioning of the earth's natural systems or to exhaust natural resources. By the same token, only health economies can generate the resources necessary for investments in environmental protection." ~~End quote.~~

To put it another way, we must pursue a long-term strategy of sustainable development. This doesn't mean living in tents in the forest. It does mean achieving economic progress in a way that protects the environment and, by so doing, broadly improves the prospects for future generations.

The linchpin is technology. By the year 2050, both population and per capita output are expected to more than double. As a result, the level of worldwide economic activity will be five times greater than it is today. That level is sustainable only if we make major improvements in the way we produce goods and services.

In his new book, Preparing For The 21st Century, Professor Paul Kennedy compares our situation to that of 18th century Europe. ~~Madison~~, he points out, predicted that escalating population growth would lead to perpetual famine. The prediction was wrong, Kennedy says, because it did not account for human ~~kind's~~ ^{kind's} capacity to develop new resources through technology.

Moreover, Kennedy says, our own ability to avoid an environmental catastrophe will be determined in large part by ~~our~~ ^{our} ability to develop environmental technology.

Bruce Smart takes it one step further. He estimates that we eventually must reduce the environmental impact of each unit of industrial production by more than 80 percent. That's right. More than 80 percent. This is where environmental technology comes in.

Environmental technology doesn't just mean a new black box at the end of the pipe. Environmental technology means the broad application of science for the entire production process. It means new ways to make products that waste less. New products that run cleaner. It means pollution prevention and lifecycle planning. It means, in short, a new way of thinking.

Environmental technology makes good economic sense. After all, pollution is waste. Increasingly, we see evidence that "thinking green" helps a company ^{stay in the} be black.

But there's another dimension to it, ~~an~~ international dimension. There's a worldwide trend toward stricter environmental protection. You all know it. You're international companies. I certainly see it when I travel abroad.

Companies that get ahead of the curve and design environmental technology will have the edge in the international market that already has reached \$200 billion and is growing by 10 percent a year.

So how do we encourage the development of cutting edge environmental technology? The first step is for the federal government to put its own house in order, as the President said just about an hour ago. ~~By improving our research efforts, and~~ ~~the~~ federal government, for example, spends about \$4 billion a year on what we consider environmental technology, but the work is not well coordinated and clear priorities are not set. That has to change.

To correct this, I'm working with Senator Mikulski and Senator Lieberman and others to write legislation that will establish an overall strategy for federal environmental technology research.

There are also great incentives for public/private partnerships that make the fruits of our research more readily available to small business. We don't necessarily have to spend more, but we do need to spend what we do have more wisely.

The second step is to create a regulatory regime that stimulates the development of cutting-edge environmental technology by the private sector. This is where the rubber meets the road. ~~P~~To some in the business community, the best environmental regulation seems to be the weakest one. That's not what I'm talking about.

If we truly are going to find common ground, we have to get beyond the stonewall approach. The regulatory regime that I'm talking about has two elements -- it is aggressive and it is flexible.

An aggressive regulatory regime is one that addresses, rather than ignores, environmental problems. Not just the conventional problems like air pollution, water pollution and waste disposal, but also the grave new threats that were beyond our range of vision not too long ago. Namely, climate change and the loss of biodiversity.

The cumulative effects of minute concentrations of toxic pollutants now also must be addressed. Problems that threaten our children's very future.

We have to address these problems head on. At the same time, we have to be flexible. We are out to set high goals, but then give businesses the freedom and the incentive to find new, creative, efficient, cost-effective ways to achieve those goals. That way, we can harness the power of the marketplace.

Let me give you an example. Last year I toured a BMW factory in Germany, ~~but~~ ~~it~~ wasn't your typical automotive plant. They don't build the 535~~X~~ there. In fact, they break it apart. Then they separate the parts for recycling.

Engineers I spoke with said it was part of their effort to comply with the new law that requires many products, including automobiles, to be recycled. They are redesigning their BMW so they can be recycled more easily.

The ~~pro~~gressive German recycling law is driving the development of new environmental technology in Germany. BMW has taken advantage of it, and when the law takes effect, BMW will have an edge. And when other countries enact similar recycling laws, BMW will have an international edge.

Some American companies are doing the same. Dow Chemical. The ~~Big~~ ^{Big} three auto makers are banding together to develop a clean car to comply with the Clean Air Act. But every American company should be looking for ways to get ahead of the environmental curve. ~~That's~~ ^{That's} the only way we're going to invent the technology we need to achieve sustainable development.

And that's the only way we can hold our own in the future with the Germans, the Japanese, and others. The government can't do it alone. Business can't do it alone. The environmental community can't do it alone, but we can do it together.

The Senate Environment and Public Works Committee is about to review the Clean Water Act, ~~the~~ ^{the} Endangered Species Act, and Superfund. In each case, I plan to work with the business environmental groups to find common ground. That is, to find new approaches that enhance environmental protection, promote the development of sustainable technology, and create new economic opportunities.

What does this mean? Among other things, it means a Clean Water Act that shifts toward pollution prevention. It means an Endangered Species Act that uses positive approaches to species' protection through private incentives and partnerships with the states.

It means a recycling law that encourages product lifecycle planning. It means a Superfund that sets priorities and encourages development of new cleanup technology.

Superfund might be the best example. If we spend hundreds of millions of dollars cleaning up the contaminated sites and invest some of the cleanup money in the development of new technology, this will not only clean up the mess; it will create jobs, income, and add to the competitive strength of the nation.

The ~~is~~ ^{are} new environmental ~~are~~ ^{are} will test us all. We face tough problems. The stakes are high. ~~and~~ ^{and} Sometimes we'll have sharp disagreements. But we must communicate, ~~and~~ ^{and} we must continue to search for the common ground. As hard as it is, we must, because the quest for environmental and economically sustainable development affects each and every one of us. Our states, our companies, and our families.

This point was made in one of the most eloquent speeches given 23 years ago to commemorate the first Earth Day. ~~And it~~ wasn't given by an environmentalist, or by a senator. It was given by a business leader, J. Paul Austin, Chairman of Coca Cola.

He described the steps that his company was taking to reduce emissions and packaging waste. Then he explained why these steps were necessary. ~~And he~~ said, and I quote, "Pollution is the sole common danger that confronts us all -- spares no institution or individual -- is recognized by every segment of our society, and can unite us all in a common goal. There is no political spectrum here -- no color line -- no public/private sector conflict -- no urban/rural class -- no 'haves' and 'have nots' -- We share this fragile issue braided together." ~~End quote.~~

My friends, we do, indeed, share this fragile issue braided together, and we must work together -- government, business, environmentalists and all Americans to find common ground and to, as you say, build new partnerships that find the solutions. Thank you very much. (Applause.)

MR. ENGLE: I'd like to open up for some questions now, Senator.

QUESTION: (Inaudible.)

SENATOR BAUCUS: Well, first, I think the perception that Superfund's not working is shared not only by the business community. I think it's shared by a good number of us in the Congress, and I would dare say by a majority of the members of Congress.

In our committee, Senator Lautenberg chairs the subcommittee that's going to be holding a good number of hearings this year ~~and~~ report up modifications for Superfund this year, and I'd probably look toward enactment next year. I hope that's earlier rather than later next year.

There are problems. The liability issues are certainly one of them. I expect joint and several will be dealt with. The cleanup standards, I think, very much have to be dealt with. I think that there can be more creative solutions to preventing contaminants from getting out into underground water and whatnot.

Then, the ~~standards~~ ^{that} standards that are presently contained in the Act. It could be a ~~de minimis~~ ^{de minimis} division of municipal lender liability, ~~that~~ will have to be addressed. ~~But,~~ ^{Essentially,} I urge you just to come up with constructive alternatives as, apparently, you have, because you can't beat somethin' with nothin'.

The best way to deal with us in the Congress on Superfund or any other issue is to not just say "No, we don't like it, it doesn't work," but, rather, to say "Hey, there are some problems with it. We have what we think is a better idea, an alternative on how to deal with it. Let's go over this and see if we can find some common ground here." I suspect you're doing that already. I would encourage you to not only do that, but continue aggressively to do so, meet with every senator, every House member on the relevant committees. On our side, obviously, it's the Environment and Public Works Committee. You should meet with my staff and others too.

The advantage you have is the perception that there's a big problem with Superfund. We have to, obviously, deal with that, but in a way that does protect peoples' fears, legitimate fears, about waste ~~in~~ sites, whether they're low volume/high toxicity sites, which tend to be found in the East, or high volume/low toxicity sites, that we have in the West.

In my state, for example, I think we have the largest site in the nation. It's 100 and some miles long. It's not 100 by 100 miles. (Laughs.) But it's a drainage system which starts in Butte, Montana and goes all the way from Missoula, which is 120 miles away, roughly, and past Missoula up into Idaho. In fact, it's a couple hundred miles long, depending on how you calculate it. But, there are impacts all along the way, in our state, and I very much agree with the President's remarks in the State of the Union Address, that ~~in a certain sense,~~ the Superfund, to some degree, seems designed for lawyers, not for anybody else, ~~and~~ there's a lot of validity in that perception, and it has to be dealt with.

QUESTION: When do you expect the administration to have their environmental team in place and what tips can you give us to communicate on competitiveness and international trade issues, in conjunction with the environmental issues?

SENATOR BAUCUS: Well, the appointment process has taken a long time, as you know, in all departments. I was, just

today, talking to a person who has been nominated to be general counsel to HHS. She doesn't expect the Senate to confirm here until June, approximately. All the FBI clearance and so forth has been done. It's just taking the administration some time.

But, I have full confidence they'll get it together quickly, and they've got some very good environmental people, and some good business people ~~very much~~ on board. The environmental side, obviously, begins with the Vice President, and Secretary Babbitt, and others. And, on the business side, I think you'll find that Commerce Secretary Ron Brown will be very aggressive for business. I saw him just the day before yesterday, and tried to meet together and go over some ideas, business ideas, and promote trade, in particular.

Mickey Kantor is a very aggressive USTR. He's going to represent ~~I think,~~ American interests quite well. His credo ~~really,~~ is pragmatism and what works, rather than any ideology such as free trade or protectionism. ~~And~~ I think you'll find more of that. ~~I~~ don't want to beat a dead horse here, but now that Gorbachev has left, the Soviet Union is no longer there, and the world has dramatically changed. I can't tell you how much that struck me. I was down at the Earth Summit in Rio, a year ago last June, ~~I guess it was.~~ ~~And,~~ ~~I~~ just bowled me over how the world has changed, how south countries, South American countries, African countries, no longer give two hoots about the United States, in many respects. They don't have to worry about being in the former Soviet Union's national security orbit or being in ~~the~~ America's national security orbit. They're concerned only about their economic livelihood, about jobs, about environmental protection, and that the world is fragmenting, ~~it's~~ changing, with new alliances, in most cases no alliances, ~~it's~~ ~~just changing.~~

~~And~~ one consequence of that is that countries, ~~I think,~~ are going to be spending more time addressing internal domestic economic affairs, ~~and~~ part of that will be international trade, that is, opening barriers and knocking down barriers to trade in other countries.

You know, \$49 billion of our trade deficit is with Japan. That's about 73 percent of our worldwide trade deficit now. We have a problem there with that trade deficit, and I think the President was on target, frankly, by being candid with the Japanese Prime Minister. These are problems that cannot be

swept under the rug.)

The American Chamber of Commerce, in Tokyo, for example, wrote a very good paper outlining the trade barriers to the flow of goods into that country, and I commend it all to you. ~~And~~ Also, if I'm not speaking too long here, I think the NAFTA -- I know some of you have problems with the NAFTA -- I think the NAFTA is a good example of the convergence of trade and environmental matters. We have pretty strong environmental laws. We have pretty strong trade laws. We do not have laws that join the two together. And, because the world's changing so much, and we're becoming so much more interconnected, I think it's critical that we spend more time figuring out how to manage ~~that nexus and~~ that convergence.

The environmental side agreements in NAFTA, I think, are a good start. ~~they're a good beginning.~~ We Americans can lead the way. We can set a precedent in that agreement that will tend to address that convergence in other areas down the road.

If this Uruguay Round is ever completed -- I think it will be this year -- ~~it'll probably be this year -- but,~~ the next round, ~~I think,~~ is going to be more of a "green round." It's going to be an international ~~sort of~~ trade, environmental investment and other ~~kind of~~ agreement, which are going to go ~~much~~ beyond pure trade. NAFTA, I think, is something that we all should spend a lot of time looking into, and seeing it not as a big nemesis, but rather as an opportunity.

It reminds me of the ~~Japanese character for crisis.~~ ~~Excuse me, the Chinese.~~ The Chinese character for crisis, ~~as I~~ know many of you have heard this, but I think it's worth repeating, ~~as the~~ Chinese character for crisis is really two Chinese characters. One is the character of danger, and the other is the character of opportunity. ~~And that's~~ true. In every crisis there is an opportunity. ~~And~~ I urge all of us, as we look at the North American Free Trade Agreement, to look for the opportunities, ~~and~~ one is to find a good environmental side agreement.

QUESTION: (Inaudible.)

SENATOR BAUCUS: I expect we'll work with the Administration. I do not think we should hold off and wait for much of anything. I think we should get moving, get going. If

we do move, that will more likely assure a more timely resolution of these issues. Second, it will encourage the Administration ~~(laughs)~~ to move a little more quickly too. ~~It's like~~ international trade. To get the Uruguay Round to come to a successful conclusion, I think, depends in large part upon Americans taking actions under 301, Special 301, et cetera, just to ~~kind of~~ urge other countries to get their act together. ~~Because~~ if they don't, they're going to be on the receiving end of some of our other statutes. So, I just think that I am going to move ahead with Superfund.

As I said, we probably will report a bill near the end of the year. That gives the Administration time to work with us. ~~we're~~ getting some people, finally, on board.

On the Clean Water Act legislation, for example, we've had many meetings with them. I expect to introduce a bill with Senator Chafee, a Republican on the Committee, the ranking member, a very able member, along with the Administration's support soon.

Also, I'm working on the Endangered Species Act bill with the Republican side of the aisle, and also with the Administration.

My whole approach in all this is first, second, third, to try to find common ground and get some resolution here. Fourthly is to go ahead -- (laughs) -- if we can't find common ground. But, I'm trying to find common ground with them, and that's working, thus far.

QUESTION: (Inaudible.)

SENATOR BAUCUS: It is.

(Laughter.)

SENATOR BAUCUS: Thank you.

QUESTION: (Inaudible.)

SENATOR BAUCUS: Yes. Yes. I do, some form of RCRA. I introduced a RCRA bill last year. Environmentalists thought it wasn't strong enough. The business community thought it was too strong. So, nothing happened.

Frankly, I think I was a little bit ahead of my time. It surprised me, because the standards I set in my RCRA bill were just slightly ahead of industry averages, already. I asked for a recovery rate for paper of 40 percent. America is already at 36, 37 percent. The recovery rate for glass is about 40 percent. And the recovery rate for glass, already, is in the mid-thirties. The only slight differential was on plastics. The recovery rate there was a lot lower, but the gap between the goal and the current recovery rates was greater with plastics, and this recovery rate was to be by 1995, 40 percent. Except for plastics it was a lot lower.

In Europe it's much higher, as you well know. I mean, Germany is 70 or 80 percent on paper packaging. And glass and other products it's much higher. And the European Community, I am convinced, is going to write a directive that sets rates not as high as the German standards, but fairly close to it.

I talk to a lot of American companies. They're already doing business in Europe. They're meeting those standards, the German standards for example, and they're making money. I logically asked myself "If they can meet those standards in Europe, why can't they do it in America?"

Anyway, there will be a form of RCRA this year. I am going to push more on recycling, simply to help create a demand for recycled products. The President, this morning, talked about -- mentioned an Executive Branch initiative to encourage much more recycling in the Executive Branch, and he's got this task force and so forth all set up, and what not. But, that only works if the demand is stimulated. The way to set to demand, I think, is to set some recovery rates.

And I think it's critical, because if we meet those, I think it's going to help the bottom line of most American businesses, because then American businesses are going to -- it gets back into life cycle planning. They're going to be even more efficient than they already are. They're going to meet the competitive challenge overseas.

It's my firm conviction that we have no choice, we have no alternative, but to go down this road, with vigor. Usually, in life, there are no alternatives. There are none. (Laughs.) You just do what makes the most sense.

In my judgment, this makes the most sense. We don't have a choice. We've got to go ahead.

QUESTION: Senator, I'm very encouraged by your comment about -- (inaudible) --

SENATOR BAUCUS: Some of us on the Committee have had the same experience.

(Laughter.)

QUESTION: My hope is under your chairmanship that the business community will feel that the Committee -- (inaudible) -- and we will be part of the process, and some of us -- (inaudible) -- not simply another interest group that reacts -- (inaudible) --

SENATOR BAUCUS: Thank you. I'll take one more.

QUESTION: (Inaudible.)

SENATOR BAUCUS: Right. Yes. Our hearings show that in -- not every community, but in most communities in the country -- where residents, consumers, want to be good people and participate in the solution, and are willing to separate their products, their paper, glass, plastics, and so forth, to some degree, and where communities want to fulfill those residents' concerns by setting up curbside recycling, pickup, or dropoff locations, or what not, that often communities have the stuff piled up, and there's little demand for it. There's little demand by companies or jobbers or middlemen, to pick it up. And, therefore, a lot of it still goes to landfills. And, as you know, most communities have a difficult landfill space remaining problem. That is, there is not a lot of space remaining, and the tipping fees are pretty high for a lot of companies, and that puts more pressure, too, for more incineration. It's okay for the incinerating companies but a lot of communities don't like incineration. It's a "not in my backyard" problem.

My thought was -- and this is how the Europeans handle it -- that there's got to be more demand for this stuff so that communities can sell it, and maybe even make some money off of it.

In some cases -- in New York City, for example, New

York had to pay to have a lot of their waste taken off their hands, some of their paper taken off their hands. It's just nuts! It ought to be the other way around. They ought to sell the stuff. Somebody ought to buy it.

Well, to create demand is my thought. Let me back up. In Germany and some other countries, they have take back requirements. That is, that a company has to take back its packages, has to take back its paper packaging, has to take back -- the consumers bring back, bodily or what not, or the community has to take it back, and that's how they deal with demand.

My thought is to set some recovery rates, not necessarily minimum content requirements. Let's take paper, for example. The newsprint industry. Don't require that every page on the newspaper has to have a prescribed percentage minimum content of recycled fiber, because that tends to restrict and tie the hands, too much, of a publisher. But, rather, say that the publisher should meet a certain recovery rate. That is, that the industry must meet the recovery rate, that they're responsible for assuring that, say, 40 percent is, somehow, recovered, either by that company, in recycled product, or into other products that are recycled, some paper goes into -- newsprint goes into other products besides newspapers -- and gives industry flexibility and individual companies flexibility.

But, again, with the 40 percent requirement, or some percentage requirement, then, because there's a stimulus for demand, communities will then find they can get the stuff off their hands, and they're more likely to sell it, so the two pieces of the puzzle are put together.

Now, I believe -- and this is somewhat based on faith but it's also based very much on my opinion, talking to an awful lot of businessmen, people like Frank Popov and others, that there's real opportunity here, for businesses, under this scenario. It helps them address their efficiencies, obtaining more efficiencies, and also, if this is happening around the world anywhere, we might as well get on the team, because, if we don't, we're going to be less competitive than other countries.

And I don't have all the answers, but this is just a broad framework, that I'm looking at. I would very much like your ideas or others' ideas, and helping to educate me and other members of the Committee about a lot of the details, and what

works and what doesn't work.

So, I think the broad framework, essentially, makes sense.

MR. ENGLE: Senator, thank you very much for joining us. We appreciate your coming.

(Applause.)

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