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National Association of Counties

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* "required information"
I am pleased to have the opportunity to speak to you during this exciting, but critical time in our nation's history. The world is undergoing vast changes. The Berlin Wall is down. Our greatest military threat is no more. Economic power, not military might is the new competition.

At home, we also are in a period of vast, fundamental change. There is a new mood in the country. The American people are telling us that they want change. They are no longer willing to tinker at the margins. They want specific answers to specific problems. They are worried. They are no longer willing to accept a status quo that leaves them unemployed and with no sense that their hard work will have any meaning in the lives of their children. They want jobs, not promises. They are saying that yesterday's slogans are no cure for today's problems.

Knowing that no action is more urgent or more pressing than national recovery, they look to Washington for national leadership. What they see is an Administration that for 16 months refused to even acknowledge that the country was in a recession. An Administration that for over a year and a half, failed to develop and promote policies to lead the nation out of the downward spiral.

Last month, the Administration finally announced an economic recovery package and as Americans are finding out -- it falls short of its promised rhetoric. As most of you know, it does nothing to provide immediate assistance for state and local governments. This is a double tragedy because you, as local government leaders are on the front lines in dealing with everyday problems. You have been forced to shoulder much of the burden of this 21 months of economic collapse:

* 30 states are running deficits.
* more than one-third of our counties are facing budget shortfalls.

To meet your financial burdens you have been faced with the unfortunate choice of either raising taxes or cutting services or personnel -- and this has resulted in a bigger fiscal drag on the national economy. Counties have reported postponed about $5 billion in public works projects.

Responding to the changes and solving the problems of the 1990's will not be easy. There will be no simple answers. There are no quick fixes. But it will require all of us working together. It will require a pragmatic working relationship among all levels of government--national, state, county and municipal.

I am not going to stand up here and lecture you on the virtues of federalism, or give you a new name for it. You've had enough of that.

With Richard Nixon, you got the "New Federalism." With Lyndon Johnson, you got the
"Creative Federalism." With Ronald Reagan and George Bush, you got another dose of "New Federalism." And, as you know, with the second coming of the New Federalism, you have been left holding the bag. You have been forced to take over more and more of the national government's responsibilities, but have not been provided the resources to meet those new burdens. You know the facts:

In 1980, the federal government provided $16 billion directly to county, municipal and local governments. By 1989, that aid had fallen to $10 billion, more than a one-third cut.

The "New Federalism" of the Reagan and Bush Administration was what has been called, a "fend for yourself federalism".

* President Bush has proposed to eliminate 238 domestic discretionary programs and slice funds for 109 other programs that affect cities, counties, and states.

* He tried to undermine the Surface Transportation Act by attempting to eliminate transit operating assistance for 140 metropolitan areas.

* He proposes to cutting CDBG programs by $500 million and community and rural development grants and loans by $1.8 billion,

* He wants to cut the new HOME state and local housing block grant program by $800 million.

* He has proposed to eliminate the Economic and Development Administration -- at the same time that has cited EDA as one of the keystones for Federal assistance to rebuild communities facing military base closures.

This "fend for yourself Federalism" has amounted to nothing more than dumping the problems of the national government onto state and local governments. It was passing the buck without passing the bucks.

Tip O'Neil once said "all politics is local." It appears that George Bush believes that all problems are local. That all government responsibilities are local. That all leadership is local.

It is time to put the country on a new path. Most of you know of that famous sign on President Truman's desk about where the buck stops. The American system isn't one of passing the buck or handing off problems to those without the resources to cope. The American system is for all levels of government to work together. President Bush is simply out of step.

What we need is a practical, adaptable partnership that finds solutions at whatever level is
most appropriate -- federal, state or local. No gimmicks, no new names, just a solid commitment for the different levels of government to honestly and cooperatively to address the problems that face us all. We need a relationship that is flexible and defined by one overriding principle - responsibility, dollars, and resources should move to that level of government that is most capable of getting the job done.

In some areas, the Federal Government must take the lead. The clearest example is the economy. Since the coming of the Industrial Revolution in the nineteenth century, every Administration but two has recognized that America's economic problems are not problems that state and local government can handle alone. National problems demand national solutions.

It will require a National leadership willing to unleash the creative abilities of the American people to turn this country around. Our national government has the resources, the power, and the constitutional obligation to provide for the general welfare of all Americans. That's not a shopworn argument for "Big Government." It is a call for an active, national government and as John F. Kennedy said "effective governmental action...is the only way that the United States is going to maintain its freedom; it's the only way we're going to move ahead."

The first thing we must do is to get this economy back on its feet. During the Great Depression, an adviser to President Franklin D. Roosevelt came up to him with a proposal and said, "this will work in the long run." Roosevelt snapped back: "People don't eat in the long run. They eat everyday." We need immediate action to jump start the economy.

Towards that end, Congress has already taken steps to extend benefits for the unemployed. And Congress is working on a tax economic package that will restore fairness in our tax system, and provide incentives for investment and economic growth.

A number of Senate Democrats have put forth programs to help local and state governments deal with their financial burdens. Senators Paul Sarbanes and Jim Sasser have introduced legislation that will provide immediate financial aid to state and local governments for education, public safety, environment and infrastructure.

Senator Sarbanes, as I understand, has already spoken to you about his economic recovery plan, so I will not go into detail. But I want to point out that this is an anti-recession package that will provide approximately $35 billion to stimulate local and state economies. The money from these grants and loans will help you relieve human suffering, create jobs, and preserve essential services without raising taxes. Perhaps most importantly, this money is designed to help you meet federal mandates. I will work to ensure passage of this legislation early in this session Congress.

The fight to get this short-term package through the entire Congress will be difficult. President Bush did not have the foresight to include local and state aid as a part of his
economic recovery program. Unless he has a change of heart, we face an uphill battle. We need your support to counter the President's indifference to the plight of local economies and governments.

To turn our economy around, and to put us on the path to real, sustained prosperity that will carry America into the next century, we also need long term investment. The tremendous economic growth that the United States experienced in the 1950's, 1960's and early 1970's was real growth with real investments. For more than a quarter of a century following World War II, our government invested in education through the GI bill, the National Defense Education Act, and the Elementary and Secondary School Act. The National Government built the Interstate Highway system and created our commercial airport system, funded the construction of sewerage treatment plants in thousands of communities, established the National Science Foundation and the space program. As a result, Americans enjoyed real economic growth driven by real investment, and the United States enjoyed the greatest period of sustained prosperity of any country in history.

Since the mid-1970's, however, economic growth and family income have stalled. If our economy had expanded at the same rate since 1973 as it did in the previous quarter century, the median income of American families would be $12,000 higher than it is now. Under President Bush this nation has the lowest rate of GNP growth since World War II. Job growth under President Bush is the worst since the 1930's. The national savings rate is the lowest it has been in decades. Private and public debt is staggering.

The prosperity of the 1980's was a false prosperity. It was an artificial prosperity based on a binge of consumption -- not investment. And that consumption was financed by $2 trillion of debt. And we are now paying the price.

It is time, as they say in the movies, to go "back to the future" -- back to what works, to what has proven to be very effective. This is the second part of our two-stage plan to get this country moving by -- making long-term investments in our economy that will promote the sustained economic growth that we enjoyed for the quarter of a century following World War II. Our proposal includes investments in education, worker training, health care, environment, and infrastructure. We have already made progress in moving forward with this package.

A key part of this plan was to make the first order of business in this Congress the passage of two bills on education vital to our long-term economic prospects. The Senate has already passed these bills. The "Neighborhood Schools Act" will put more money into local school districts to promote innovation and reform to improve our public schools. In addition, a higher education bill that the Senate passed last week will provide more money for student loans and grant programs to make college more affordable for children of middle class families.

National leadership is also essential if we are to meet America's health care crisis and
reform our failing health care system. As local officials, you are on the front lines in delivering health care -- often to the poorest of our citizens. You are the health care providers of last resort. But the skyrocketing costs of health care is putting you in a tighter and tighter economic vice. As soaring health costs take bigger and bigger shares of your budgets, you get less and less assistance from the federal and state governments to pay for it. This cannot continue.

Unfortunately, it will be difficult to get any comprehensive health care reform package because of opposition from President Bush. His approach to the health care crisis is like his approach to the recession -- denying its existence and ignoring its effects. When finally pressured into recognizing the reality of the crisis, he proposes a limited, piecemeal solution. It does not control costs. It provides access to only a fraction of the 35 million Americans who are currently uninsured. And it caps federal spending on Medicare and Medicaid which will increase the state and local share -- another example of "pass the buck" federalism.

Controlling health care costs and ensuring that all Americans have access to health care are my two main goals in this Congress. I have introduced legislation that meets those two goals. I will make every effort to see that Congress passes this measure this year so that every American will have access to affordable, quality health care.

Recognizing that the Cold War is over, it is time to rethink, reevaluate, and rearrange our budget priorities. That is why we're working to change the budget to free up money for domestic investment. The 1990 budget agreement's artificial walls between defense spending and domestic spending no longer make sense. They keep us committed to the budget priorities of the 1980's instead of the realities of the 1990's.

I am determined to keep the United States a first-rate military power. But I want to see a better reason for the President's defense budget than he has so far offered. In the last 5 years, we spent $1.5 trillion on defense. President Bush says that in the next 5 years, we have to spend another $1.4 trillion. It's as though the collapse of the Soviet Union has passed him by.

We can safely cut more than $100 billion from the President's projected defense spending levels over the next five years. We should shift resources from the military budget into public investment. Given the changes in the world, this modest reduction is both prudent and necessary.

Many of you are concerned about the local effects of defense spending cuts. You're right. If they're done with the same disregard for the national economic health that has characterized this Administration, defense cuts will be a burden.

But they should not be and need not be. In the aftermath of WWII we demobilized two million service personnel. Surely we can do as well with a much smaller force cutback and
Defense conversion will be a defining issue of the coming decade. With adequate leadership, it can be a boom to our economy.

We must not miss the opportunity of this generation. We have the opportunity to build thriving communities with stronger civilian-based economies and even greater productive strength for our national economy. We have the opportunity to take the engineers, physicists, scientists, and military specialists who have developed the best defense technologies in the world and give them the tools and the opportunity to develop better and safer airplanes, faster and safer trains, and a manufacturing-technology base that will enable the United States to surge into the twenty-first century.

The goal is within our grasp. It needs national leadership.

These are hard times, as we continue to suffer from this sweeping, destructive downturn in our economy. But these are exciting times. They are times of change -- around the world, and here at home. We have the opportunity to reverse the decline. The opportunity to build the foundation of an America that will remain the world’s premier economic power, as well as its premier military power, well into the twenty first century and beyond. We have the opportunity to build the future again.

But we need the policies. We need the leadership. And we need your help. As a team, we can rebuild the American economy. We can restore the American Dream for our children and grand children.

Thank you for this opportunity to speak to you. I hope you enjoy you food, and the wise and witty words of House Majority Leader Gephardt. But if you want some free legal advice from this former federal judge -- take the food and run!