10-8-1998

Dennis Nettles' Radio Show K Bowman Butte

Max S. Baucus
Senator * or Department*: BAUCUS

Record Type*: Speeches & Remarks

October-1998

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(Select subject from controlled vocabulary, if your office has one)

10/08/1998
Press Memorandum

TO: MSB
FROM: BILL, GIANO
RE: DENNIS NETTLES’ RADIO SHOW — KBOW RADIO, BUTTE
TIME: 3:00 TO 3:45 EST
DATE: OCTOBER 8, 1998
FORMAT: This is a live, call-in radio show. You and Dennis will speak for a segment. Then the lines will be opened for calls.
NOTES: This is Dennis’ regular show. He is friendly and is eager to hear what you have to say. You should use the opportunity to speak on end-of-session issues. Suggested topics are:

- **What Has Congress Done**
  - Passed a highway bill that increases Montana highway funding by 60%.
  - Passed a bill that significantly restructures the IRS; will help taxpayers have more rights when dealing with the tax collector.
  - Passed the Gallatin II Land Exchange which should help preserve some of Montana’s wildlands; increase public access to mountains, rivers, and prime hunting grounds.

- **What Congress has NOT done**
  - Appropriations Process
    - Why can’t Congress pass its appropriations bills?
    - What do you think will happen if they don’t?
    - What is happening with these anti-environmental riders on the Interior Bill?
    - Will there be another government shutdown?
  - Campaign Finance Reform
  - Endangered Species Act

HINTS: Dennis was recently named the new News Director at KXLF, replacing Jay Kohn. Yesterday there was a flattering article in the Standard on Dennis. That article is attached. You should make note of the move and congratulate him on his success.

ATTACHED: Attached to this memo you will find: 1) the article about Dennis’ promotion; 2) a memo about the initiatives that will be on the ballot this fall; 3) a series of recent MSB releases that Dennis will be using for background; 4) a copy of an updated Tough Questions file.
Please make sure you read the initiatives memo thoroughly, as it is likely that callers will ask about some of these.

[Be sure I have article. It’s not here in S drive. Any way in future you could scan and attach? If not too difficult?]
Q1. Max, the local CBS affiliate won’t allow me to receive a CBS broadcast from Denver over my satellite TV dish? What's the problem. I spent good money for this and now the local TV station has shut down my ability to watch the network using my satellite. I can’t get the local signal and I can’t get the satellite signal. What are you doing to resolve this?

A1. The Satellite Home Viewers Act of 1994 (SHVA) provides that if a home is located so that it can receive a B grade signal from the local TV broadcast, no satellite broadcaster is allowed to deliver a signal for that affiliated network. A number of Satellite broadcasters have pushed the envelope on this issue and have provided network service to areas with no regard for the strength of the local broadcast signal.

This action led the networks to file suit and a preliminary injunction was issued in Florida. Subsequently, the satellite broadcasters were required to end transmission of the networks and people lost satellite signals for the networks affiliated with the local broadcasters. This affected between 700,000 and 1 million subscribers (viewers), including many in Western Montana.

This matter is pending final action by the court. It is likely that the court action will make the injunction permanent. If that occurs, legislation would be required to change the prohibitions currently provided in the SHVA. That is unlikely before the end of this Congress, due to differing opinions on the Committee of jurisdiction (Commerce).

The final solution to this must ensure that consumers can receive the local station with a satisfactory signal. Further, if they cannot, then these consumers must not be prevented from receiving the network broadcast. To allow those who can receive the local signal the opportunity to receive the satellite signal would put the local broadcasters — and the important public service they provide — out of business.

Q2. Max, why didn’t you support overriding the Presidential veto of the ban on partial birth abortions?

A2. This is an extraordinarily difficult issue. Abortion is a personal decision that should be made between a woman, her family, doctor and spiritual adviser. I certainly understand why people are concerned about partial birth abortions but cannot vote to ban the procedure without providing a legal exception to protect the life and/or health of the mother.
Q3. Where do you stand on increasing the minimum wage?

A3. I support the proposal that is currently before the Senate. This legislation would increase the Federal minimum wage by $1.00 in two $.50 steps, on January 1, 1999 and again in January 2000. The adequacy of the minimum wage can best be evaluated against the criterion of whether the earnings of a minimum wage worker --full time, year round-- would enable that worker to lift his/her family out of poverty. Using an estimated 1998 poverty threshold of $13,059 for a family of three (the average size of poor families) as a standard, annual earnings in 1998 of a minimum wage worker would be $10,712 - $2,304 short of the poverty threshold.

According to the MT Department of Labor the last increase(s) in the minimum wage (October '96 from $4.25 to $4.75, and September '97 from $4.75 to $5.15) did not increase unemployment.
Q4. What are you doing to help farmers and ranchers through this ag crisis?

A4. The Ag Appropriations Bill passed the House and now passed the Senate 55-43. It has been sent to the President. We hope that it will be vetoed today as it can best be considered a great disappointment and an insult to the American farmer and rancher.

(1) **Loan caps** — an amendment to lift loan caps and extend the term of the marketing loan was defeated yet again in conference with a 7-6 vote. Conrad Burns again voted against the measure. This would have given about $.60/bushel on wheat.

(2) **AMTA Payments** — After the loan cap proposal was defeated, Burns offered an amendment that would have upped the AMTA payments to roughly $.40/bushel. The measure passed on the Senate side of the Conference but failed on the House side. House Republicans, including Rep. Livingston, refuse to add more money to the package. Finally, the Republican package passed by a majority (although Democrats stood in opposition). Under this package, farmers will receive an estimated $.13/bushel on wheat. An amount considered a pittance by most.

(3) Not only does the Republican package fail to put dollars in desperate farmers pockets; it also has stripped two important “gimme” provisions: **Imported Meat Labeling** and **Mandatory Price Reporting**. This is insult upon injury.

(4) Next steps — depends on the veto. When the veto happens we will begin negotiations to increase, to the maximum extent possible, money allocated to income relief. You would like to see $.60/bushel -- the original Democratic plan with loan caps; however, we would be willing to take that same amount in the form of AMTA payments or some other version of payment — call it Lost Market Opportunity Assistance or whatnot. Either way, the Senate cannot muster enough votes to override a veto on the package as it. Thus, we can take full advantage of the situation to push for the most dollars possible to do something substantive for producers.

Q5. Max, what are you doing to stop the flood of Canadian wheat and cattle imports?

A5. Just last Tuesday, I met with USDA Ag Secretary Dan Glickman and a bipartisan group of governors to discuss opening negotiations with Canada over the perceived flood of Canadian imports. At that meeting, I urged Secretary Glickman to take the following actions:

- Urge the Canadians to end their Karnal Bunt inspection of northbound grain. Montana grain is free of the disease and this is a ridiculous impediment to trade.

- Demand that the Canadians establish price transparency in their grain-pricing methods. If the Canadians have nothing to hide, they should show us how they price their grain. If they are hiding something, it’s time to end the deception.
• Work to accomplish true harmonization in the pesticide labeling and import regulations between the two countries. There is not reason that restriction for chemical use on products entering this country should be different than the restrictions on those producing the same crop domestically.

• Consider ending Canada’s ability to grade their meat exports to the United States with the US Agriculture Department’s meat-grading system. This action would guarantee that consumers who buy USDA-inspected products are getting an American product.

I also support the USTR’s and USDA’s joint effort to resolve the US-Canada border dispute by engaging in intensive discussions with Canada. And I also appreciate Canada’s suspending its WTO and NAFTA trade actions against the US due to the border demonstrations and welcome its decision to opening such a dialogue.

Q6. **Max, Medicare and Social Security are going broke in the long-term. What are you doing to preserve entitlement programs for future generations?**

A6. First of all, I applaud President Clinton’s statement in the State of the Union that before we spend any budget surplus dollars, *we save Social Security first*. One cannot overstate the importance of Social Security and Medicare on American life.

Both of these issues will be addressed by non-partisan commissions. By setting up a commission of experts made up of Democrats, Republicans, public and private sector experts, we can take the politics out of Social Security and Medicare. The Medicare reform package that I worked on last year establishes a commission to preserve the program. That commission has begun its meetings and should report back to Congress early next year. The package also extends the life of the Medicare Trust Fund for another 10 years.

A Social Security commission will likely be appointed soon, and will meet in December of this year to grapple with the long term needs of the program. While I am anxious to begin working now on preserving our entitlement programs now, I am waiting for the recommendations of the experts on each commission to see if they can put together common sense proposal.
Q7. Senator Baucus, a lot of people are nervous about this new Medicaid managed care plan for Montana’s mental health recipients. What are your thoughts?

A7. I share the concerns that many people have regarding this new managed care plan. I’ve talked to many people who have listed the problems with the plan: providers are not joining the network, those who do join are not getting paid properly and on time, and providers have to wait way too long to receive authorization to treat a patient. This are all problems that are very disruptive to low-income folks who need mental health care. If the problems with the new managed care plan are not fixed soon, I think the state should scrap the system and start over.

Moreover, I think the problems we are having with mental health in managed care are indicative of those facing many communities in the U.S.. A number of initiatives, called the Patient’s Bill of Rights, have been proposed to deal with this issue. I recently introduced the Promoting Access to Responsible Managed Care Act of 1998, which would guarantee patients broader protections in the following ways:

1. **Access to Outside Providers:** Many patients with chronic conditions like Multiple Sclerosis, asthma, or arthritis contend that managed care plans do not give them access to doctors who specialize in treating their illnesses. Our provision provides access to specialists, pursuant to a treatment plan put together by the primary care physician.

2. **Standing Referrals:** Patients with diseases or disabilities that require continuous care by a specialist can get a standing referral (to avoid having to obtain permission for each visit). Patients would be able to name these specialists as their primary care doctor.

3. **Emergency Services:** The bill requires access to emergency services, without pre-authorization. If a final diagnosis does not indicate an illness that’s considered an emergency, despite the patient’s symptoms, many managed care plans refuse to pay the claim.

4. **Prescription Drugs:** Requires HMO’s to make needed prescription drugs available even if they are not on the HMO’s approved list. This simply makes sure that patients with drug benefits have access to the drugs their doctors prescribe and that they need.
Q8. Max, what's going on with the tobacco settlement?

A8. I am disappointed that the Senate killed this bill, for one simple reason: Teen smoking is on the rise.

Discouraging tobacco use by our children requires much stronger steps than our nation has previously taken. I am proud that Montana has been a leader in this effort. Our state has already taken measures to curb teen smoking by banning the sale of cigarettes to those under age 18, and prohibiting the sale of cigarettes in vending machines that are accessible by minors.

The Senate has debated comprehensive tobacco legislation that would extract payments from the tobacco companies and pay for a variety of initiatives, including children's health, tobacco cessation and prevention programs, counter-advertising, and health research. The bill would also restrict advertising among minors and penalize the tobacco companies if teen smoking is not significantly reduced.

Finally, the bill would not grant any immunity to the tobacco companies except for some government cases. In testimony before the Senate Commerce Committee, I stated that granting broad immunity to the tobacco companies would be a mistake. While this is an uphill battle in now that the tobacco companies have pulled out, I am still optimistic that a comprehensive tobacco agreement that is tough on teen smoking will become law.

Q9. Max, what do you think of the idea of scrapping our whole tax system and going to something completely different, like a flat tax?

A9. I know a number of people have called for us to change our tax code, and replace it either with a flat tax or some version of a national sales tax. Calls for a change have gotten even louder in the wake of our investigations into the IRS over the past two years.

While I am keeping an open mind on this matter, I have yet to see a replacement system that I think would be an improvement over the old one.

Flat taxes, like the ones advocated by Rep. Armey and Steve Forbes, seem appealing at first glance, but are very troublesome when investigated closely. Their biggest problem is that they won't perform as advertised. Both of them claim to raise the same amount of overall money for the Treasury as the current code, but neither one will. Some estimates of what it will take for either one of the proposals to raise the current amount of revenue would place their proposed rates at closer to 25%, which is higher than the effective tax rate most Montanans pay right now. In addition, the proposals tax a lot of things that are not taxed under our current system because we want to encourage them, such as employer provided health care or retirement savings. I'm just not sure, on balance, that this is a good deal for Montanans or the rest of the country.

As for proposals to change over to a national sales tax, these are very regressive. That is,
unless you figure out a way to refund money to people who make $25-30,000 per year or less, they end up paying much a much higher percentage of their earnings in tax than those who earn over $100,000. Most sales tax proposals would require a tax of around 25%, that would be added to any state or local taxes, without reducing the payroll tax. There is a great deal of concern about what would happen to the economy if every purchase had such a high tax tacked-on. It could reduce spending to the point of pushing us into a recession.

Finally, a very important problem that a lot of proponents of change overlook is how hard it would be to actually go through the transition period from one type of tax to another. If you move to a sales tax, for example, what do you do about all of us who have already paid income taxes on our money but are saving for our retirement? Right now, only any additional earnings are taxed, which seems bad enough when we start spending our savings. What would we do if the entire amount were taxed again through a sales tax?

The bottom line is our economy is more like a battleship than a cruiser. It can't just turn around on a dime. So we need to explore alternative tax systems very, very carefully to make sure we aren't giving up something that is complicated, but basically pretty fair, and replacing it with something that might be easier on its surface, but raises taxes on middle America. In the meantime, we need to work to improve our current tax code as much as possible.

Q10. What are you going to do to curb the abuses of the IRS that we have seen on TV?

A10. Congress passed a bill the President signed into law this Spring that represents the most significant restructuring of the IRS in almost half a century. The bill will restructure the IRS in such a way as to improve the service it provides to taxpayers, and hopefully eliminate the abuses that we have shown through our hearings over the last two years. It has been a difficult process, because of course you don't want to make it easier for people who really aren't paying their share of the tax burden to cheat the government. All of us end up paying when this happens. But right now the pendulum has obviously swung too far the other way, and too many law-abiding taxpayers are being treated like criminals by IRS agents.

First of all, I should mention that the hearings themselves have already had an effect on the IRS that some Montanans have experienced personally. IRS is expanding hours and people for its telephone answering service, so that more taxpayers will be able to get through to the IRS when you have a question, and more of the answers you get will be the right ones. The IRS has a webpage where taxpayers can download documents and forms, so you don't have to run all over town just to find the right paperwork. And the Service has held a series of 'Problemsolving Days' around the country, where taxpayers can come
in and get their problems taken care of. The ‘Problemsolving Days’ in Montana have been pretty successful, with many taxpayers getting their problems taken care of on the spot, and most of the others resolved within a matter of weeks.

The new commissioner, Charles Rossotti, comes from the private sector. He is a very sincere, capable administrator with very creative ideas on reorganizing the Service. He accepted my invitation and came to Montana to personally meet with Montana taxpayers and learn about our problems first-hand. He is planning to reorganize the entire agency much as IBM was reorganized when they realized they couldn't compete against newcomers like Microsoft. Right now, IRS is organized horizontally, by function. This means every time a taxpayer has a question or a problem that crosses IRS's functional lines, they are handed off to a different person in an entirely different department. No one has final responsibility for getting the taxpayer's problem solved. Mr. Rossotti plans to reorganize the agency by type of taxpayer. This way, there will be a separate division for individuals, one for small businesses, one for large companies, and so on. Employees within these divisions will be responsible for just about every type of problem their assigned group of taxpayers could have, so it will be easier to have one person to deal with every time you call about your problem. No more passing the buck.

The restructuring bill built on these plans.
-- We established a private sector board to oversee the direction the IRS is going, to make sure this new organization doesn't get lost in the shuffle, and to make sure IRS is concentrating its resources most efficiently.
-- We added important new taxpayer protections, to protect against arbitrary actions of IRS agents.
-- We made sure they quit measuring employee performance by setting quotas.
-- We reduced some of the penalties and interest that keep mounting up even after taxpayers have begun paying off their debt, often costing taxpayers more than the original tax due.
-- We made it easier for innocent spouses to get tax relief, to protect spouses who are hounded by the IRS long after they have divorced, just because they signed a joint return while they were married.
-- We provided some curbs against the IRS's ability to seize bank accounts and businesses without a showing of just cause, and made it harder to seize people's homes to pay off small tax bills.

This is a sampling of the issues included in the bill. For those of you interested in more details, you might check my webpage. I am including a more detailed description of the bill that should be available in very short order. (Max, this may already be available by the time you see this — I'm just not sure of the timing)
Q11a. Where do you stand on the issue of credit unions versus banks?

A11a. I am a strong supporter of credit unions, and have been for many years. I’m a member of a credit union myself, and know how important credit unions are to the way of life here in Montana. We Montanans love our credit unions, and want to protect them.

The most important priority in my mind is protection of credit unions’ tax exempt status. The reason credit unions can provide the wonderful services they do to their members is because they don’t pay federal taxes. If this tax exemption is removed, credit unions will fade away and die. So my highest priority is protection of the tax exemption.

Now one of the arguments that banks have been using in their fight against credit unions is that at some point, credit unions can begin to look so much like a bank and so little like a cooperative lending institution that they should be treated like banks. If, for example, a credit union grows by adding customers that have no relationship to each other and can provide virtually all of the services that a bank can, it becomes hard to justify the tax exemption based upon the credit union’s special relationship with its members.

Credit unions lost a case before the Supreme Court where they argued they should be allowed to continue adding members without the need for a single common bond linking their members together. Congress reversed this decision legislatively this summer by passing legislation that specifically allows credit unions to add unlimited numbers of groups with bonds between them. The President signed the bill into law soon after it was presented to him.

Q11b. Why did you oppose the amendment to the credit union bill proposed by Senator Hagel, which would have helped put some curbs on credit union commercial lending? (This question would only come from a pro-bank questioner).

A11b. I was concerned that the limit on business lending in the underlying bill were too high. According to the numbers I have seen, 12 1/4% is somewhat above the average percentage of commercial loans held by banks, so I would certainly have been willing to consider a lower number. But Senator Hagel’s amendment was much broader than simply reducing the percentage to 7%. First of all, there are a number of credit unions in Montana and around the country that are already over the 7% limit. These credit unions would have been given 3 years to get down to 7%. But if they couldn’t achieve that goal, no matter what the reason or how much progress they had made in that direction, the penalty was an automatic loss of all of their deposit insurance. These seemed to me to be pretty draconian, and would put at risk a lot of credit union members that were completely innocent bystanders.

A second provision would have eliminated the current $50,000 floor under which business loans are not counted in a credit union’s totals. While that may not be a bad idea
in and of itself, it was combined with another provision that would have required all business loans to be serviced by employees certified in commercial lending. The practical application of these two provisions combined, is that a small credit union in rural Montana that wanted to give a loan to a farmer so he could buy a pick-up truck could only do it if they had someone working for them certified in commercial loans. This doesn’t make any sense to me. Again, I understand the reason Senator Hagel included the provision in his amendment, because large commercial loans should be handled by employees with expertise in commercial lending, but the practical application of the way the amendment was drafted just didn’t make sense.

I worked with Senator Hagel’s office to try and make some changes to his amendment, to address these concerns of mine, but he was not willing to make any of them. Although I am very sympathetic to the concerns of community banks about the bill, I simply couldn’t support the amendment the way it was drafted.
Q12. Early this winter you introduced a bill concerning oil and gas leases for the Badger Two-Medicine area. What is the purpose of this bill?

A12. On February 5th I introduced a bill that would end the standoff between leaseholders, attempting to develop oil and gas resources in the Badger Two-Medicine area, and citizens who desire to keep the area in its natural undeveloped condition.

The bill would:

Allow leaseholders to exchange their leases for bidding credits or royalty payments on leases in other locations in Montana and the Gulf of Mexico.

Withdraw the returned lease areas from future mineral entry.

Passage of this bill will:

Protect the Badger Two-Medicine area from roading and development.

Protect cultural sites sacred to Indian tribes.

Protect existing outfitting and guiding jobs and traditional recreation opportunities for current users and future generations.

Provide oil and gas leaseholders the opportunity to invest credits in sites where development is more likely, thus creating potential jobs for Montanans and other Americans.
Q13. What is the Interior Columbia Basin Ecosystem Management Project and what is its status?

A13. What it is: Forest management gridlock resulted in the Pacific Northwest from the Threatened and Endangered Species Act listing of the northern spotted owl. In 1993, after the Snake River Chinook and Sockeye Salmon were listed, President Clinton directed the Forest Service to take the lead in the development of a scientifically sound, ecosystem-based strategy for managing forests east of the Cascade Mountains. This strategy was intended to avoid the same problems that occurred in the Pacific Northwest. The Interior Columbia Basin Ecosystem Management Project (ICBEMP) was chartered in January of 1994 to develop strategies, using a comprehensive "big picture" approach, for managing Forest Service and BLM lands covering 72 million acres in eastern Oregon and Washington, Idaho, western Montana and Wyoming, and northern Utah and Nevada. This management direction is intended to; restore and maintain ecosystems, support economic and social needs of communities, update Forest and BLM management plans, and reduce public land management gridlock.

Status: A set of comprehensive science reports, providing an assessment of the status of the ecosystems in the Basin, were published in December, 1996. Two Draft EISs, were prepared in response to the scientific assessments and over 10,000 comments from the public. These EISs, one for the Upper Columbia River Basin and one for eastern Oregon and Washington evaluated seven alternative management strategies. They were released for public review and comment in June, 1997. The preferred alternative (#4) would aggressively restore ecosystem health through active management using an integrated ecosystem management approach. Priority is placed on forest, rangeland, and watershed health. Actions are designed to produce economic benefits whenever practical. In March, 1998, a report providing more specific economic and social analysis of the Basin was released to the public. The public comment period, which has been ongoing since June of 1997, closed on May 6, 1998. The agencies propose to have a final EIS and Record of Decision published in the spring of 1999.

This is a project that now appears to have few friends. This is a project that now appears to have few friends. The environmentalists say the alternatives don’t go far enough to reduce logging and grazing and the commodity interests say that the preferred alternative is too restrictive. There is currently a rider on the Senate Interior Appropriations Bill that would terminate funding for ICBEMP. It would also require the national forests in the basin to evaluate the science assessments and determine whether their forest plans should be amended or revised. There is a similar provision in the Interior Appropriations Bill that was passed by the House.
Q14. The TEA21 bill included a large increase in funding for construction of ATV trails on federal lands. Did you support this provision?

A14. The highway bill did include an increase in the so-called "Symms" fund. This fund is available for states to construct motorized and non-motorized trails. In all but a few states in the U.S., the funds have been primarily used for the construction of hiking trails and bike paths.

In Montana and Idaho, some of these funds have been used for construction of motorized vehicle trails — and some of those trails have been built on federal lands. I believe that there is room on our federal lands for motorized recreation, and I believe that the Symms funds can provide benefits to the public in the form of both motorized and non-motorized trail construction.

However, with an increase in funding comes an increase in responsibility. I’m taking a look right now at how Symms funds have been spent on federal lands over the past years. I’m trying to determine whether we need to have some side boards to better regulate that spending. I don’t want to see trails that have been used by horseback riders and hikers turned into motorized roads. Also, I’ve heard that motorized trails can promote the spread of noxious weeds, something that is detrimental to our agriculture industry. So I do think we need to take a look at this situation and make sure that we’re expending these funds responsibly and in a manner that is in the public’s best interests.
Q15. What is your position on the Forest Service's proposed moratorium on road building in roadless areas?

A15. I believe that the Forest Service needs to do a better job of managing its road system. Part of that should include a discussion of whether, and under what circumstances, they would add roads to the system by building new roads in roadless areas. It might be appropriate to call a time-out on new road building while they look at these issues. But, before the Forest Service makes a decision on a time out, I have requested a clear definition of areas the moratorium will apply to and what the effects of a moratorium would be on Montanans.

I requested that the Forest Service give the public an opportunity to provide comment, before making a decision, on their proposal to impose an 18 month moratorium on road building in roadless areas. In March, the Forest Service conducted open houses in Helena, Missoula, and Libby to get public comment on its proposal. The public comment period has ended and the Agency has over 60,000 comments to review and incorporate into their decision. I signed a letter in April, along with Senators Daschle and Wyden, requesting that the agency narrow the categories to be considered for a moratorium and to ensure that the long term policy for managing roadless areas would be made through the Forest Planning process involving the public.

The Forest Service manages nearly 380,000 miles of existing roads — more than seven times the length of the interstate highway system. With declining maintenance budgets and changing uses of the system, the Agency is on the right track to develop a long term policy for the adjustment and management of the system. The completion of this long term policy is anticipated in early 1999.

The Agency has fallen over $10 billion behind in meeting maintenance and reconstruction needs. This causes problems for everyone. It is important to have a safe system to accommodate those who use these roads and who recreate on the National Forests. Sediment from improperly managed roads poses a significant threat to water quality. Roads that fail and slide into streams cause the loss of fish and their habitat. Management attention is needed to reduce conflicts between uses such as the conversion of many of our finest horseback and hiking trails into roads by off road motorized activity.
Q16. Senator Baucus, why did campaign finance reform fail in the senate and did you support it?

A16. Campaigns should be a contest of ideas, not money. That’s why I supported the McCain-Feingold Comprehensive campaign finance reform.

McCain bans “soft money” contributions, disallows independent expenditures during the last 60 days before a general election (Snowe), and tightens reporting and disclosures requirements. The bill increases the amount of “hard money” individuals may contribute to state parties and increases the total aggregate that an individual can give to federal candidates. It would have required labor organizations to notify non-members that they are entitled to request a refund of the portion of their fees used for political purposes. It also bars political parties from making “coordinated expenditures” on behalf of Senate candidates who do not agree to limit personal wealth spending.

A minority of Senators defeated this bill by filibustering it to death. I think that was wrong. I spoke twice on the floor in an attempt to get this bill passed. Quite simply, the campaign finance system is broken, it stinks, it is wrong. And we should reform it today. Heck, we should have reformed it years ago, but money in politics is like feed in a trough, some people are addicted to it.

The House of Representatives recently showed courage in passing legitimated campaign finance reform like the McCain-Feingold bill. Unfortunately, the Senate majority has different ideas about cutting off the money trough, and they killed the bill. Their proposal to fix the problem doesn’t go nearly far enough. Their bill, sponsored by Senator Lott, didn’t limit hard or soft money, it didn’t try to alter political action committees, nor lessen the amount spent on campaigns. Instead, the Lott bill only limited labor unions from political participation. This was clear political payback for the AFL-CIO’s role in the 1996 campaigns. Look, I believe we ought to look at the role of money in politics, unions, corporations, PACS, and everyone else. But what I won’t do is single out one group and attack them for political purposes. That’s what this is about and that’s why I opposed it.
Q17. Senator Baucus, do you support Sen. Kennedy's bill to increase the minimum wage?

A17. Senator Kennedy has a bill that would increase the minimum wage by 50 cents a year for the next two years, for a total of $1.00. I am very concerned about the ability of average, hard working Americans to make ends meet in today's society.

The real value of the minimum wage, that is what it will buy compared to others years, is lower today than it was in 1978, even after the increase we passed in 1996. That is a real concern. I understand the concerns that increasing the minimum wage could cost some jobs. I am heartened by the fact that two prize winning economists just studied the last increase as well as two states -- one that raised its minimum wage and one that didn’t in 1992 -- and found that increasing the minimum wage did not significantly effect the number of jobs.

I want to spend some time looking at Montana specific implications of the 1996 increase, but I do want to find ways to increase the wages of Montanans. We currently rank 45th in the country in wages and we seem to slide every year.

Q18. What is happening with the Gallatin II Land Exchange?

A18. Last month, the Senate Energy Committee and the House Resources Committee both reported this bill. I hope that Congress can work quickly to enact the bill before we adjourn.

In 1993, I worked hard to pass the Gallatin Range Consolidation and Protection Act. This Act completed the Gallatin I Land Exchange and directed the Forest Service to prepare the Gallatin II Land Exchange. This year, the Forest Service has proposed the Gallatin II Land Exchange after lengthy discussions with Big Sky Lumber. It is critically important that we finish our efforts to consolidate the lands in the Gallatin National Forest. This effort will improve the public's access to public lands, will prevent the creation of subdivisions in some critical wildlife range, and will save the taxpayer money since consolidated lands are much easier to manage than dispersed lands.

The last day of the legislative session last year, I introduce a bill to complete the Gallatin II Exchange. Over the past four months, I have worked with Montanans and with the rest of the Montana delegation to craft this legislation into a consensus bill that will receive broad public support. Last week, the Montana delegation introduced a bi-partisan bill that will complete the exchange.

This is a good bill. The timber for land component of the exchange is crafted so that
Public input will be taken into consideration by the Forest Service when choosing timber sales. In addition, the bill requires a public process to determine the management direction of the lands that will be made public as a result of this exchange. Also, we have included in the bill a restoration program that will improve forest health on the acquired lands.

Regarding the concerns of the Bridger-Bangtail property owners, I have successfully negotiated a list of concessions from Big Sky Lumber that should go a long way towards alleviating the concerns of area residents. These concessions include, better development density, providing non-motorized access, and dropping some of the more controversial sections from the exchange. These concessions are incorporated into the legislation that I have introduced and the companion Option Agreement between the Forest Service and Big Sky Lumber.

Additional funding would give us more flexibility in the exchange. Unfortunately the Interior Appropriations bill of last year provides only $1.5 million to assist with this exchange. I had requested $6 million. I have also secured a commitment from the Administration for $2.5 million in supplemental Land and Water Conservation Funding. I am working hard to see whether we can’t secure additional funds.

Q19. Max, I understand that you recently voted to take away over $10 billion in funding from veterans and give it to highway funding. Why did you do this?

A19. First of all, I have always supported veterans for the sacrifices they have made. In my regular visits to Montana, I am fortunate to have the chance to meet with and hear veterans’ concerns.

The Domenici Amendment which I supported in the Highway bill prevented the Senate from taking a blind, $45 billion leap. The estimated cost of treating tobacco-related illness as a service-connected disability ranges as high as $45 billion over 10 years. That cost is almost equal to the entire veterans budget request for fiscal year 1999! This amendment simply requires that the issue be studied for one year before a decision is made as to whether veterans should be compensated as service-connected. It will have no impact on health care benefits already provided to veterans with tobacco-related illness. Currently, the VA spends more than $3.6 billion per year treating tobacco-related illness.

Moreover, service-connected disability compensation is about more than health care. The issue is not whether veterans with tobacco-related illnesses will receive health care; it’s about cash payments to veterans or their survivors. Traditionally, disability compensation is paid
to veterans who are disabled by injury or disease incurred or aggravated as a result of active duty service. However, disability compensation includes a variety of benefits for veterans or survivors. This unorthodox expansion of benefits could seriously jeopardize other critical veterans programs and benefits.

Finally, let me stress that this amendment would have taken funding from a transportation bill. Had the money come from a different source, I might have voted differently. But transportation is crucial in rural states like Montana, and I thought it inappropriate to detract from the important benefits brought by the highway legislation.

Q20 Max, the House recently passed a bill to cut taxes by $80 billion by eliminating the marriage penalty, and providing tax reductions for small businesses and farmers. Do you support this bill?

A20 While I support reducing taxes for hardworking Montanans, I simply cannot support the Republican tax bill because it is not paid for.

What do I mean by that? First, the bill taps into projected surpluses to the tune of almost $80 billion over the next 5 years and close to $180 billion over 10 years. Notice I said projected surpluses. Various government organizations look into their crystal balls and try to figure out how long the economy will continue humming along at its current pace. If they’re right, the projected surplus will turn real. If they’re wrong, the projected surpluses could disappear in a heartbeat. The estimates may be educated guesses, but they are guesses none the less, and we have not had a particularly good track record of accuracy in guessing during the past few years. So spending these projected surpluses means spending money we don’t yet have.

In addition, even these rosy projections are largely dependent on the surpluses building up in the Social Security Trust Funds. Our government does not yet have an operational surplus. Almost all of the surpluses, certainly over the next 3 or 4 years, are because we are collecting more in payroll taxes than we are paying out of the Social Security Trust Fund for current recipients. We already know this situation won’t go on forever. That is why we are so concerned about restructuring the Social Security program — even the surplus building up won’t be enough to cover benefits once the baby boom generation begins retiring.

So instead of waiting until we know how we will fix Social Security and how much a fix will cost, or just paying down some of the $3 trillion debt we have accumulated over the years while we were deficit spending, some Republican leaders want to risk our financial security by using these projected surpluses for large tax cuts. I think this is irresponsible, and don’t think it is supported by the majority of the American people.

So while I would support a tax cut that is paid for by closing corporate loopholes or other revenue options, I will not support a cut that violates our contract with the American people to maintain a Social Security system that will be there for them when they retire.
Q21. What do you think of the recent U.S. bombing of suspected terrorist sites abroad?

A21. I strongly support the United States' strike on three terrorist bases in Afghanistan and a chemical facility in Sudan. These strikes were necessary actions by our government taken in response to credible and convincing evidence that these facilities belonging to Osama Bin Laden were behind the attacks against U.S. embassies in Tanzania and Kenya. Moreover, this terrorist group was threatening to strike American interests again. I believe our response was reasonable and proportionate given the significant loss of life and injuries sustained by people at our embassies and the recent threats made by these groups. Our strikes were targeted to cripple terrorist activities, not to harm innocent civilians. I believe this U.S. strike was critical in order to send a message to such terrorist groups that America won't stand by and be intimidated by terrorists. We will stand up and defend freedom and protect our citizens at home and abroad. I hope other freedom-loving countries will stand with us in fighting these heinous attacks by terrorists around the globe. There should be no safe haven for such cowardly terrorist networks.
Q22. Why did you oppose building a missile defense system for the United States?

A22. I do not oppose such an idea. In fact, I promote it strongly. The world is too uncertain a place to not do our utmost to guarantee Americans' security. The question is not do I support, but what I support.

In the recently-debated American Missile Protection Act, Senator Cochran proposed building a missile defense system for the United States as soon as is technically possible. That may sound clear-cut, and who could argue against protecting Americans from a missile attack. But in drafting his bill, Senator Cochran ignored three important considerations:

1) Threat: Contrary to the findings of the so-called Rumsfeld Commission, experts at the Pentagon (including my good friend, Bill Cohen and the Chairman of the Joint Chiefs do not believe that the threat of a rogue nation attack in the near future is possible. While we must be concerned about Iran, North Korea and other outlaw states, there is no reason to believe they can attack American soil at present. As for other nations with nukes, including Russia and China, there is no reason to believe they will attack the United States.

2) The Anti-ballistic Missile Treaty: The 1972 ABM Treaty is an agreement between Russia and the United States banned the development of missile defense systems in our two countries. It did so on the premise of Mutually Assured Destruction: that is, if neither country has a missile defense system, there is a guarantee of Mutally Assured Destruction. Consequently, both sides will be very reluctant to use these nukes.

Implementing a defense system on the scale of Senator Cochran's bill would violate the ABM and give the Russians little incentive to work with us on further arms control agreements. START II would go out the window, and none of us here wants that. The precarious situation in Russia illustrates the need to facilitate market economics and democracy. Fueling the fires of nationalist tendencies is not the way to go about that.

3) Viability: That said, I still believe that the United States will one day implement a comprehensive missile defense system. But in the interest of building an effective one, we must not rush into it. Sure, we could build perhaps a rudimentary system today, but where does that leave us in three or five years. If we're going to do this, let's do it right. Frankly, I am upset that some members on the other side of the aisle are exploiting our national interest for the sake of politics.
Q23. Why are we pouring money into the International Monetary Fund when we have pressing needs at home?

A23. As the last several months have shown, America’s economy is inextricably linked with that of the rest of the world. For better or for worse, what happens overseas is important to the United States. I think most of this is for the good. Montana, for example, needs markets for wheat, beef and other products. Absent demand in the United States, we must look to places like Asia, Latin America and Eastern Europe for buyers. The Philippines has spent over $50 million on Montana wheat over the last few years, more than any European country. And South Korea is the second largest foreign market for Montana beef. We ignore these countries’ concerns at our peril.

There is reason to believe that Southeast Asia and the rest of the world will experience fallout from its crisis for years to come. Yet I wonder how catastrophic events in Southeast Asia might have become were it not for the International Monetary Fund. In response to Asia’s difficulties, the IMF stepped in and provided desperately needed cash to bolster currencies and staunch the financial bleeding in Korea, Indonesia and Thailand. By doing so, it averted more disaster in these countries and greater uncertainty in the world economy as a whole.

Surprisingly, the bailouts have taken place over the objections of some members of Congress. Many claim that the Fund’s policies encourage fiscal recklessness, working as a safety net for corrupt governments and profligate investors. Yet these critics fail to realize that IMF programs are typically harsh. No government in its right mind looks forward to the prospect of unpleasant and austere measures imposed by the IMF.

Moreover, it is foolish to assume that investors throw money at markets at risk of collapse and bailout. Indeed, these are the very markets investors wish to avoid and the very kind that threaten American prosperity and trade.

We are right to expect changes of the IMF. But it is impossible to reform overnight — the need for replenishment is now. If we do so, we can perhaps stave off even more serious global financial calamity. In turn, we can mitigate losses of American exports and jobs. To quote the Economist Magazine:

“If the Fund runs out of money – a real possibility if Congress remains obdurate- the next emerging market collapse could trigger a default that would spill over, fatally, to all other emerging markets. And since rich countries now account for barely half of world output, that could easily mean a global slump.”
Q24. Does Montana have a realistic chance of becoming the new launch and landing site for Venture Star?

A.24 Yes. I recently met with Lockheed officials and they told me that Montana meets the criteria: They can't fly over major population centers, we rank highly for this; the immediate area must be sparsely populated, again we rank high. We are in the right geographic location for convenient access to polar orbits. I’m a big fan of the VentureStar project, and I know that Montanans have the kind of vision, we need to put this thing together. It will take a lot of work and cooperation by the entire state and the Congressional delegation. I am confident we’re up to the task.

Q.25 What do you think of the President’s recent admission?

A.25 Like many Americans, I am saddened to learn of President Clinton’s remarks to the nation on Monday night. This has been a difficult time for the President, his family, the Presidency and the people of our country.

We must not let this unfortunate course of events divert us from addressing the many crucial issues facing our nation. I believe the American people want the Independent Counsel, Mr. Starr, to complete his report expeditiously so that the facts will be fully known, the American people can reach their own judgments, and we can move on to resolve our country’s important economic, social and foreign policy concerns.

Q26. I have heard about your amendment to the Interior Appropriations Bill to strip out anti-environmental riders, what is in it?

A26. My amendment is to strip the Senate’s Interior Appropriations bill of a series of anti-environment riders that have been written into the bill by the Appropriations Committee. These riders not only weaken our environment, they are bad government, it’s the wrong way to set our nation’s environmental policy.

The amendment seeks to strip the following anti-environment riders from the Interior Appropriations bill:

- **Glacier Bay National Park** — Would prevent the National Park Service from enforcing fishing regulations designed to protect wildlife in Glacier Bay National Park in Alaska.
- **Izembek Road** — Would authorize construction of a road through the middle of the Izembek National Wildlife Refuge in Alaska.
- **Grizzly Bears** — Would terminate an ongoing public process of recovery of the grizzly bear in the Selway-Bitterroot wilderness in Idaho and Montana.
- **Forest Roads** — Would prevent the U.S. Forest Service from removing dangerous and environmentally damaging roads until all unauthorized “ghost” roads (roads that were created by illegal off-road vehicle use) had been closed or upgraded.
Columbia River Dams — Would override the Endangered Species Act by requiring Congressional approval for changes to the operation of Columbia River reservoirs.

Forest Plans — Would prevent the Forest Service from updating plans to manage national forests.

Tongass National Forest Timber Cutting — Would require the U.S. Forest Service to offer for sale from the Tongass National Forest in Alaska at least 90 percent of the allowable sale quantity (240 million board feet) of timber per year. If the Forest Service fails to meet the target, because of environmental or market constraints, the rider would allow parties to sue the Forest Service to produce more timber and require the agency to pay local communities 25 percent of the value of the timber not harvested.

Together and individually, these riders would have a dramatic and negative effect on the environment and, in many cases, would cut the public out of ongoing planning processes. The riders in the amendment would impose Washington D.C. views on issues that are being handled well at the local level. I did not include in my amendment, the riders on ICBEMP, grazing permit reissuance, or forest stewardship demonstration.

Q27. Why did you vote against the Bumpers amendment that would have struck Senator Reid's mining rider?

A27. Senator Reid’s rider is not an anti-environmental rider. It is a provision to study the adequacy of the environmental and reclamation requirements relating to mining of locatable minerals on federal lands. This study is intended to assure that mining is not causing unnecessary or undue degradation of federal lands.