2-26-2001

U.S. Chamber of Commerce Board of Directors

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(1) Subject*: U.S. Chamber of Commerce-Board of Directors
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(2) Subject*

DOCUMENT DATE*: 02/26/2001
(Example: 01/12/1966)

* "required information"
Introduction

Thank you. I appreciate the opportunity to be with you today, to talk about how I plan to approach my work as the Democratic Ranking Member of the Senate Finance Committee.
If you want to know how someone will handle a new job, you probably should look to see how they handled their old job. For the past decade or so, I was the senior Democrat on another committee, the Environment and Public Works Committee. I'd like to think that my record there shows at least three things.

First, I had a close working relationship with my Republican counterparts, both with John Chafee, a moderate, and Bob Smith, a conservative.
Second, in some cases, when the other side went way too far, I opposed them. Not angrily. Not with ideology. But in a civil, respectful, and appropriate way.

I’ll give you an example. In 1995, after the Republicans took control of Congress, they made some proposals that would have really weakened certain environmental laws. I agreed that reforms were necessary, but felt that several of the proposals were extreme. So, yes, I challenged them those proposals.
But, third, that was the exception. In the vast majority of cases, I have tried to be a pragmatic problem-solver. On the Environment Committee, I worked with Dirk Kempthorne, a Republican from Idaho, to reform the Safe Drinking Water Act and the Endangered Species Act. And I supported the greater use of new tools, like cost-benefits analysis, to improve our environmental laws.

On the Finance Committee, I was the first Democrat to support Bob Dole's welfare reform proposal, and one of the first to support permanent normal trade relations with China.
I plan to take the same approach as the Ranking Member of the Finance Committee. I want to work very closely with our Chairman, Chuck Grassley. He’s a good friend and a good Senator.

There will be times when we disagree. But, on the vast majority of issues, I hope that we’ll be working on a bipartisan basis to find common-sense solutions.

Let me turn to the big issues before the Committee: taxes, health care, and trade.
The Tax Bill

I’ll start with the issue that’s foremost on everybody’s mind. Taxes.

First of all, I’m for a tax cut. A large tax cut. That goes to all taxpayers. And I don’t support it grudgingly. Or reluctantly. I support a tax cut enthusiastically. After all, the surplus is good news. It allows taxpayers some of their money back.
But I won’t try to kid you. I do have some concerns. As a general matter, I am concerned that the Administration is so fixated on a tax cut of $1.6 trillion that it’s digging in too deeply, making it hard to achieve a reasonable compromise.

On top of that, based on what I’ve seen so far, I am concerned that the President’s proposal may cut taxes more than a cautious, conservative approach would dictate.

Let me explain the reasons for my concern.
First, these ten-year projected surpluses may be less than meets the eye. A projection of what will happen that far off into the future is very uncertain. I don’t know a business person who would lock in a dividend based on an estimate of how the company will be doing ten years down the road.

Second, we have to balance the need for a tax cut against some other priorities. Education. Reforming Medicare to cover a prescription drug benefit. Expanding health insurance coverage in a careful, incremental way. Shoring up the Social Security system.
And, yes, good old fashioned paying down the debt.

We can't do everything that people want in these areas. But we do have to consider all of the priorities as we write the budget.

To my mind, the best approach is to enact a solid tax cut. Certainly one that is as large as President Bush has proposed for next year, the year after that, and the year after that. But, probably, somewhat smaller than he's proposed over the long term.
That way, if the projected surpluses continue to roll in, we can take another look, and decide whether we can go further.

I also think we should think carefully about the distribution of the tax cut. Don’t get me wrong. I disagree with those who seem to think that any tax cut that benefits upper-income Americans is a bad thing.

That’s not where I’m coming from.

But there is a legitimate issue here.
About 80 percent of American workers pay more in payroll taxes than income taxes. And about 20 percent pay pretty hefty payroll taxes but don’t pay any income taxes at all. These folks would not benefit, in any way, from the President’s proposal.

Everybody agrees that we’re not in a position to cut payroll taxes themselves, because that would put Social Security and Medicare in greater peril.

But we can consider some innovative approaches, like a credit that can apply against either income taxes or payroll taxes.
That actually would broaden the President's proposal, giving a tax cut to more people.

I haven't reached a firm conclusion on this issue. Several good proposals are on the table, and we should take a look at them. That's what our upcoming hearings will be all about. But, clearly, this issue is a legitimate part of the debate.
Health Care

Another big issue, during the budget debate, will be health care.

By and large, there is a bipartisan agreement that we should accomplish two important objectives. We should expand Medicare coverage to include prescription drugs, and we should do more to help folks get health insurance for themselves and their families.
But, after that, unfortunately, the agreement evaporates.

When it comes to Medicare, some insist that we should add prescription drug coverage to Medicare only if we reform the overall Medicare program. Others want the drug benefit without any Medicare reform at all.

If we can get past the rhetoric, I think the solution is pretty clear. We should add a prescription drug benefit to Medicare.
But, in doing so, we should rely as much as we can on market-oriented reforms. And we should take a hard look to see if we can streamline the health care bureaucracy.

So I can support Medicare reform. But I must mention one important condition. We've all seen reforms that work better in theory than practice. In some cases, rural areas, like my state of Montana, get hit especially hard. An example is airline deregulation.

That doesn't mean we can't have reform.
But it does mean that we have to look carefully, before we leap.

Turning to health insurance, we again seem to have a general agreement about the objective but a disagreement about some important details. Some folks insist that the only good approach is to expand existing programs, like Medicaid.

Others insist, with equal vehemence, that the only good approach is through tax incentives.
Once again, I think the solution is somewhere in the middle. A combination. A modest expansion of programs that work well, along with targeted tax incentives for taxpayers and small businesses.

Trade

Let me turn to another critical issue, trade policy.

I've spent a large part of my career, in the Senate, working to open markets and expand trade.
And I'm proud to have done this by working closely with the Chamber, which has so often been the leading advocate of a progressive trade agenda.

Years ago, when we began our long effort to establish normal trade relations with China, we didn't have many allies. But we kept at it. We made the case, and, together, we were able to pass a PNTR bill that is one of the most significant legislative accomplishments of the past decade.
The next big trade issue is restoring the President’s authority to negotiate trade agreements under the fast track rules.

I have worked to win passage of fast track for both Republican and Democratic presidents. I plan to work to win passage again this year. But we all must be realistic. We have been talking about the appropriate role for labor rights and environmental issues in trade negotiations for more than a decade.
The truth is that these issues are now on the trade agenda and the only way to get fast track -- certainly the only way to win approval for a trade agreement -- is to meaningfully address these issues.

As a policy matter, some people in the business community disagree. I understand and respect that. But you still have to think about the political reality. From my perspective, if you take the position that these issues absolutely should not be considered in trade agreements or in fast track, you are, in effect, saying that we shouldn't have fast track.
In the same vein we need to clear the decks of current trade agreements before we move on to negotiating new ones. That means we must approve the U.S.-Jordan FTA.

I know that some in the business community have expressed concern about the Jordan FTA because it includes labor rights and environmental provisions in the agreement. In my view those fears are misplaced. The agreement doesn't obligate either side to do anything beyond enforce their own laws.
In any event here again, saying no to the Jordan FTA is much like saying no to fast track. It is simply unrealistic to try to tear down current agreements and expect support in Congress for new ones.

Another important point. We’ve spent lots of time negotiating good trade agreements. But not enough time assuring that those agreements are enforced. That’s got to change. Take China PNTR. After all, we didn’t work so hard and long to help China. We did it to help U.S. companies and U.S. workers.
And that will only be the case if we insist that China comply with the agreements we have reached. The same goes for Japan, the EU, and other trading partners.

In this area, there is some cause for concern. Some in the administration have apparently been talking about killing funds for enforcing trade agreements, including the new trade agreement with China.
That is a mistake. If there is one lesson we have learned, it is that trade agreements don't enforce themselves. Unless we are willing to spend time and resources to enforce the trade agreements we strike, we shouldn't even bother negotiating them.

Further, the few pennies that would be saved by cutting these efforts don't even amount to a rounding error in the federal budget. These cuts simply make no sense.
Therefore, I hope you will join me in urging the Bush Administration to provide the resources that we need to assure that our trade agreements are enforced.

Conclusion

As you can see, we have a busy agenda ahead of us.

But I'm very optimistic.

President Bush has been reaching out.
I’ve already met with him three times, and it seems to me that he really wants to find bipartisan solutions. Most Democrats feel the same.

In the Senate, after all, we have to find bipartisan solutions. Think about it. For the first time in history, the Senate is evenly divided. Neither party really has an edge. If we’re going to get anything done, we have to work together.

In that same spirit, I look forward to working, during the next two years, with you and with the U.S. Chamber. Thank you.