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## Jewish Federation of Orange County

Max S. Baucus

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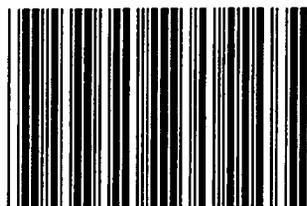
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BAUCUS

**Max Baucus**

**Jewish Federation of Orange County Speech**

**Thank you, Don. I appreciate the kind introduction.**

**I'd like to say a few thank yous before I begin.**

**Jerry Padauer (Puh- DOW-uhr). Shalom (Shuh-LOEHM)**

**Elcott. Of course, my friend Don Lents.**

**And thank you, Howard Mirowitz (MEERO-wits), and  
congratulations on the launch of the Montefiore (Mon-tuh-  
fee-OR-ee) Society. I'm honored to be here.**

## **Big Challenges**

**Tonight I'd like to discuss some issues I work on as Chairman of the Finance Committee, because they're issues that affect all Americans.**

**We're facing questions about where our country should be, and about the direction we're heading. We have big challenges and choices.**

**I always tell my staff: "Everything is an opportunity." They're probably tired of hearing it.**

**There's even a small town in Montana called Opportunity. I was there a few weeks ago celebrating the opening of a park that used to be an abandoned schoolyard.**

**The new park is also the start of a trail system that will someday connect towns in Montana that are hundreds of miles apart. A lot of people worked together for many years to make this happen. They took a run-down lot and turned it into a place for kids to play, a place to come together, and a place that will connect them to other towns and other Montanans.**

**As Americans, we're at a similar crossroads. We face a question of engagement: How do we take advantage of new international markets and opportunities to find peace in troubled corners of the world? How do we orient our public policy at home so we keep America as a leader among nations, while being proud of how we treat our most vulnerable citizens?**

**So for the next few minutes, I'd like to discuss some of those challenges, and ideas for turning them into opportunities.**

**First, I'd like to discuss Medicare and our health care system.**

**We owe it to our aging populations to make sure they are taken care of under Medicare. How do we do this, while leaving our health care system in better shape than we found it for future generations?**

**Then I'd like to discuss what we can do to engage and be competitive on a global scale. I believe three key parts of this equation are:**

**1) Creating a tax code that encourages economic growth and job creation, and keeps us competitive with the rest of the world.**

**2) Engaging with the world through diplomacy.**

**3) Bolstering our economy and being a leader through trade.**

**Then I'd like to hear your ideas and answer your questions.**

### **Social Challenges: Keeping the Medicare Promise**

**I'd like to start by telling a personal story. My mother recently passed away at 94.**

**Mom was beautiful. She was a rancher, historian, economist, and author. She loved the outdoors, her ranch, and her children, grandchildren, and great-grandchildren. She was the center of our family.**

**In her last days, she battled health complications. I can't imagine what she, or any of us, would have done without Medicare.**

**Medicare, to me, means protecting people like Mom. It's an essential thread to our social safety net. It must be protected. Americans have earned it, and their dollars should be spent wisely.**

**I want to strengthen Medicare so it's there for my mom's great-grandchildren when *they* turn 65.**

**Under the House of Representatives' budget, private insurance companies would dictate what care seniors get - and deny care seniors may need. A voucher program—that wouldn't fully cover seniors' health care needs— would end the guaranteed benefits that Medicare protects today.**

**Seniors would have to spend thousands of their own dollars to cover what the vouchers don't.**

**Fortunately, there is another path - the path we took with health reform. Health reform focused on lowering overall health care costs without reducing quality. This path will preserve Medicare financially while retaining benefits.**

**With health reform, we had the choice to try or do nothing. In the face of rising costs and a system that was broken, we tried. Here are some things we did to make health reform effective:**

**We took the best ideas from the private sector - health systems like the Mayo Clinic and Kaiser Permanente - to develop ways to pay doctors for the quality of care they deliver. Because when doctors and hospitals talk to each other, duplicative services are reduced or eliminated. And that means patients receive better care at a lower price. Health reform improves coordination by giving providers incentives to work together.**

**We know expensive diseases are better managed when caught early. Health reform provides free preventive care to catch and treat costly chronic conditions. Last year, over 32 million Americans received free preventive services thanks to health reform.**

**We know criminals try to rip off taxpayers. Health reform gives law enforcement new tools to protect Medicare and Medicaid from fraud. Last year, we recovered a record \$4.1 billion from fraud investigations.**

**Seniors were having trouble paying for medications - especially those that fell into the “donut hole”. Health reform gives those seniors a break - a 50 percent discount on drugs this year - and closes the donut hole completely by 2020.**

**When seniors can afford to take their medications, it keeps them out of the hospital. Last year, seniors saved over \$2.1 billion on cheaper prescription drugs.**

**Reform is working. The non-partisan Congressional Budget Office says that per-beneficiary Medicare spending will grow one percent above inflation in the next ten years. This is a huge reduction compared to the past two decades, when Medicare grew five percent above inflation.**

**Health reform strengthened Medicare. We chose to engage. To work to make our system better, for people like my mom. For your moms, and your families. Was it an easy road to get here? No. Are there changes and improvements we can make? Sure.**

**But if we continue down this path, we'll keep saving money, and we'll keep Americans healthier, for longer.**

### **Competing on a Global Scale**

**But our challenges don't stop when we walk out the door of the hospital, or even at America's borders. I don't need to tell you that our world is shrinking. We're faced with questions on how to engage, and compete, on a global scale.**

**A few months ago I was in Russia touring a John Deere factory outside of Moscow. They use parts manufactured in my home state of Montana.**

**Our largest businesses are expanding worldwide. Today, U.S.-based multinational companies generate, on average, nearly half their income from foreign affiliates, compared to just 17 percent in 1977. In whole, U.S. exports have more than doubled as a percent of GDP since 1960.**

**But this small world creates economic challenges for the United States. For example:**

**Despite its importance, manufacturing is a declining percentage of our economy. After World War II, manufacturing made up more than a quarter of our economy's total output. Today, it makes up just a tenth.**

**The number of Americans working in the manufacturing sector is in steady decline. In the last decade, the United States has lost around 30% of its manufacturing jobs.**

**In our global economy, intellectual property moves across borders quickly. Some believe this globalization has been one of the drivers of growing income disparities.**

**We need to reassess whether our tax system makes sense in our new economy.**

**The last thoughtful review of the Tax Code was 25 years ago.**

**Tax laws should encourage economic growth and job creation. They should boost American competitiveness. They should be fair, simple, efficient and certain.**

**Last year, we began a comprehensive review of America's tax system.**

**We held dozens of roundtables and hearings on tax reform. We dug into issues like charitable giving, manufacturing, research and development, and tax reform's role in deficit reduction.**

**I brought in business leaders like you to get their take.**

**The Super Committee process also helped us move down the field in discussing tax reform. We were able to get a sense of how much we could lower rates by eliminating tax expenditures.**

**One thing is clear: It'll take time and effort and bipartisan cooperation. And it'll take buy-in from a lot of folks like you, in the business community. Most people like the idea of tax reform, but aren't as wild about the specifics, once they realize they're going to have to give a little to make it work. For example, if we're looking at broadening the base and lowering rates to create a better overall code, it may mean sacrificing individual deductions.**

**Tax reform is actually the opposite of health reform in this sense. With health reform, folks are skeptical of the concept, but they really like the specifics. They say, “Hey, this is a pretty good deal. I won’t be denied insurance coverage because of a pre-existing condition.” Or “Great, now my son can stay on my insurance plan until he’s 26.”**

**So, we face challenges, because we’ll need buy in from a lot of folks. We’re going to have to bring more people to the table.**

**I work closely with my counterpart in the House, Dave Camp, who chairs the House Ways and Means Committee. In February, we hashed out a deal that extends the payroll tax cut, which puts \$1000 in the pockets of American families.**

**I also work closely with Senator Hatch, the top Republican member on the Finance Committee.**

**They, like of my colleagues, and President Obama, know we have to work together, because our prosperity and competitiveness in an increasingly global economy rely on it.**

### **Engagement with the world**

**But our economic prosperity isn't just in the hands of tax reform. Our success has always been closely tied to our diplomacy and military engagements.**

**I've been a friend to Israel as long as I've been serving in Washington. Almost thirty years ago, I supported an agreement between Lebanon, Israel, and the United States that arranged an Israeli withdrawal conditional on the departure of Syrian troops. Twenty years ago, I voted in favor of a resolution condemning Iraq's attacks on Israel and praising Israel's restraint. In 2006 I supported the Palestinian Anti-Terrorism Act.**

**This year, I plan to support the President's budget request for \$3.1 billion for Israel in fiscal year 2013.**

**Today, we face great challenges in the Middle East. And our partnership with Israel is important as we face those challenges.**

**Iran's nuclear program ranks number one on our list of concerns. Iran's President Ahmadinejad (Ah-mah-din-ah-jad) has charted a course of confrontation with the international community—not cooperation.**

**I was proud to help pass tough sanctions last year to target the Central Bank of Iran. These sanctions have brought the regime to the negotiating table and devalued its currency by 40%.**

**We must do more to encourage Iran to return to the path of cooperation.**

**We need major powers like China to step up to the plate and put pressure on Iran. The Chinese get about 11 percent of their total oil imports supplied from Iran and about 20% of Iran's total oil exports are to China. China is in a position to apply pressure on Iran and I think they need to start doing so.**

**There is opportunity, but also danger during the upcoming talks in Baghdad. Secretary Clinton has done a great job on her efforts to forge an agreement. If anyone can get a deal done, she can.**

**Energy independence is crucial to our efforts. The United States and Israel need an energy policy that can free us from dependence upon mid-east oil. Our dependence on oil is bankrolling governments that openly threaten international security.**

**Last year I introduced the Freedom Fuels Act. The bill allows the military to sign long-term contracts with American producers of clean energy. The military is hungry for clean, secure energy supplies. They're testing a new fighter: the F-18 green hornet, which is fueled by camelina grown in Montana.**

**We can also lead and engage countries around the world through trade. Trade has foreign policy benefits, but it also bolsters our economy by growing U.S. businesses and creating American jobs. □□**

**Last year I led the effort in Congress to open new markets for U.S. exporters. We passed three trade agreements: With Colombia, South Korea, and Panama. These FTAs will increase U.S. exports by up to 13 billion dollars each year. We renewed Trade Adjustment Assistance, a program to help U.S. workers retrain for a global economy. And we renewed two important preference programs to lower costs for U.S. manufacturers and retailers.**

**I led a trade mission to South America last year. I brought a number of folks with me, including the owners of a welding and manufacturing company in Lewistown, Montana. They export aluminum door and window frames to Colombia, and currently pay a 15% duty on everything that enters the country.**

**With our new Free Trade Agreement with Colombia, these folks will see those duties shrink down to zero over the next five years. As those duties decrease, they can spend more money on ramping up production and hiring more workers.**

**2011 was a good year for trade. But as Winston Churchill said, "Success is not final."**

**We need to keep pushing for success in 2012. An aggressive trade agenda is key to creating good jobs. Export-related jobs pay 13 to 18 percent more than our national average.**

**We've set concrete trade goals for 2012. In the interest of our limited time, I'd like to elaborate on just one, since it's probably our most important short-term priority: Approving permanent normal trade relations with Russia.**

**We have a great opportunity provided by Russia's entry into the World Trade Organization. Russia is the sixth-largest economy in the world and growing fast. Russia's GDP is expected to surpass Germany's by 2029 and Japan's by 2037.**

**U.S. companies should have access to this growing market. For that to happen, Congress must repeal the Jackson-Vanik amendment and establish permanent normal trade relations with Russia, known as PNTR.**

**Jackson-Vanik denies normal trade relations to Communist and former Communist countries unless the President determines that the country permits free and unrestricted emigration of its citizens. Congress originally passed the law in response to the Soviet Union's emigration restrictions, particularly with respect to its Jewish citizens.**

**Jackson-Vanik served its purpose: It helped millions of Jews emigrate freely. But now it's a relic of the past. Every president in the last twenty years has waived Jackson-Vanik's requirements.**

**When I was in Russia, I met with activists working to improve democracy, human rights, and corruption in their country. I met with leaders of the Jewish community. Everyone's message was clear: The United States should repeal Jackson-Vanik and pass Russia PNTR.**

**Passing PNTR would double U.S. exports to Russia in five years. And we give up nothing in return; not a single U.S. tariff will be reduced as part of this deal.**

**If we don't pass PNTR by this summer, U.S. companies will lose out to competitors in China, Europe and the 150 other members of the WTO. As our economy continues to recover, we quite literally can't afford to do nothing. You can bet I'll be working my hardest to make sure we seize this opportunity. American prosperity and jobs depend on it.**

## Wrap-Up

**I want to hear from you, so I'll stop here. But I want you to know how much I appreciate your hospitality. It's so warm and welcoming here in Southern California. On Saturday Mel and I ran the Big Sur Half-Marathon. What a view.**

**I love to run. It keeps my head clear. A few years ago, I ran a 50-mile ultra marathon.**

**At one point during the race I fell-- and earned a pretty good gash on my head. I kept going and finished the race in 12 hours, but ended up having emergency brain surgery two months later.**

**That experience was tough. It forced me to learn more about our health care system on a personal level.**

**Let me tell you: It didn't feel like an opportunity at the time, but—as corny as this may sound— it inspired me to really dig in, and work harder in the Senate to improve health care for everyone.**

**That was in 2003. Health reform was signed into law in 2010.**

**Thanks for your time, and for having me as your guest. Now it's your turn. I welcome your thoughts and questions.**