



# Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release  
Tuesday, December 13, 2005

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## **Baucus Outlines Agenda for America's Global Competitiveness**

U.S. Senator Max Baucus (D-Mont.), Ranking Member of the U.S. Senate Finance Committee, is a leader in the effort to maintain America's economic competitiveness in a changing world. In 2005, Baucus has given a series of speeches on the Senate floor outlining steps that America must take to advance American competitiveness, maintain American economic leadership in the world, and preserve high-wage American jobs here at home. On the Senate floor today, he summarized a comprehensive strategy for improving education, research, trade, health care, savings, and energy policy to meet challenges from emerging world competitors.

### **"A New American Renaissance" Senate Floor Statement of Senator Max Baucus**

Toward the end of the 14th Century, Emperor Manuel II Palaeologus ruled a waning Byzantine Empire. Looking across the Bosphorus, he saw a growing threat from the Moslem Ottoman Turks. In 1390, he sent an embassy up the Adriatic Sea to Venice to build alliances. And to head the mission, he named the 35-year-old Manuel Chrysoloras.

Although his embassy to Venice did not prosper, Chrysoloras' reputation did. And in 1396, the chancellor of the University of Florence invited him there to teach Greek. The chancellor wrote: "[W]e firmly believe that both Greeks and Latins have always taken learning to a higher level by extending it to each other's literature." Chrysoloras accepted.

But no one in Italy had studied Greek for 700 years. Chrysoloras began. He taught Greek in Florence, Bologna, Venice, and Rome. He translated Homer and Plato. He wrote the first basic Greek grammar in Western Europe.

As the early renaissance poet Dante Alighieri wrote in *The Divine Comedy*, "A great flame follows a little spark." The flame of learning spread through the rest of Europe, reconnecting the West with classical antiquity, experimentalism, and the desire to live well.

Chrysoloras and scholars like him helped to begin the scientific revolution and artistic transformation that would become known as the Italian Renaissance. Europe emerged from the backwater. Commerce and exploration burst forth. The Modern Age began.

Renaissance historian Matteo Palmieri exhorted a fellow Italian of the mid 15th Century to "[t]hank God that it has been permitted to him to be born in this new age, so full of hope and promise, which already rejoices in a greater array of nobly-gifted souls than the world has seen in the thousand years that have preceded it."

With the Renaissance, Western Europe began its domination of the world economy. The West has held this power so long that it is easy — especially for us here in the West — to take it for granted. But it need not have been so.

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In the century leading up to the year 1000, Moorish Spain could claim a far more advanced civilization than that of Christian Italy. Cordoba's streets were paved and lit. Cordoba had 300 public baths and 70 libraries. Cordoba's great central library alone held 400,000 books — more than all of France. The Arab postal service delivered regular mail as far as India. Arab civilization was internally creative. And Arab thinkers of the time were open to Persian and Indian science, as well.

In the 12th century, an English scholar named Adelard [Ah deh lard] of Bath traveled through the Islamic lands of Spain, North Africa, and Asia Minor. Adelard reported: "The further south you go, the more they know. They know how to think."

And Adelard carried back from the south a way of thinking. He said: "Although man is not armed by nature, nor is naturally swiftest in flight, yet he has something better by far — reason."

The advanced Moorish state suffered civil conflict and fell to the less-developed Christian states of Europe. Finally, on January 2, 1492, the leader of the last Muslim stronghold in Granada surrendered to armies of a resurgent, newly-united Christian Spain. The remaining Spanish Muslims were forced to leave Spain or convert to Christianity.

At the end of the first Millennium, Arab Spain had the most advanced science and economy of its day. But in the centuries that followed, it fell to a newly-emergent Western Europe.

At the end of the first Millennium, Western Europe slumbered in its Dark Ages. But in the next centuries, it emerged into the Renaissance.

We here today inherit the legacy of the Italian Renaissance. We have absorbed the learning of the Arab Caliphates. And we inhabit the land made known to Europeans by another voyage of 1492.

At the end of the second Millennium, America has the most advanced science and economy of our day. But we cannot take that leadership for granted.

In the centuries ahead, if America wishes to remain the most advanced economy of our day, we will need to create a new American renaissance.

We need this new American renaissance, because leadership does not come from continuing to do what we do already. Smart people in China and India and around the globe are quickly learning how to do what we do now. And people in China and India and around the globe will be able to do it more cheaply.

Instead, leadership comes from constant innovation. Leadership comes from rapidly adjusting what we do to what the market demands. And leadership comes from serving the customer. Fortunately, these are characteristics at which Americans excel.

This is my eighth Senate floor statement this year on competitiveness. I began in June with a general statement on competitiveness and America's place in the world. In June, I also spoke of education and competitiveness. In July, I spoke of trade and competitiveness and health care and competitiveness. In September, I spoke of savings and competitiveness. In October, I spoke of energy and competitiveness. In November, I spoke of immigration and competitiveness. And today, I conclude this series of addresses with this discussion of the need for the new American renaissance.

My message is this: To foster this continuing American renaissance, American government cannot stand idly by. Remaining economically competitive will require action. Let me summarize my 6-step agenda for action. This is what we need to do:

First, we must improve education. The Italian Renaissance relied on the learning of the Greeks that Manuel Chrysoloras helped to spread. The new American renaissance will rely on our having the best educated workforce of the centuries to come.

We need to ensure that children come to school ready to learn. We need to ensure that children have modern and well-equipped schools. And we need to ensure that children have small classes.

We should raise salaries for teachers in poor schools by 50 percent. We should raise the salaries of top-performing teachers and teachers in math, science, and languages by another 50 percent.

We can ensure quality after-school programs. We can lengthen the school year.

We must support community colleges and link them more strongly to workforce opportunities. We must expand Pell Grants. We must improve, consolidate, and expand education tax incentives. We must expand and extend the deduction for tuition expenses. We must increase scholarships and loan forgiveness for science and engineering students. We must expand the Hope and Lifetime Learning credits.

We need to make it possible for non-traditional students to obtain an education. We need to retrain workers whose jobs are lost to trade and help them reenter the workforce.

We should make it easier, consistent with the requirements of national security, for foreign students to study in America. We should make visa renewals during multiyear studies routine. And we should change visa renewal requirements policies that are now contingent on students' return to their home countries.

Second, we must foster research. For it was discovery that helped bring about the renaissance.

We need to reward innovation and risk-taking. We need to fully fund research support organizations like the National Science Foundation, the National Institutes of Health, and the Office of Science at the Department of Energy. We need to simplify and make permanent the R&D tax credit.

We should encourage talented foreign students to study, research, and innovate at American universities and research institutions. And we should simplify the permanent residence process for exceptional foreign students with advanced science degrees from American universities.

Third, we have to advance international trade. Insularity characterized the Dark Ages. The Renaissance spread from an international spark. And the ensuing blaze of international commerce brought on the Modern Age.

We must open new markets for American exports worldwide. We must improve enforcement of existing trade agreements. We must do more to defend American intellectual property rights. And we must prompt China to further loosen its currency.

We should look more to Asia for bilateral agreements. We should advance regional trade agreements in Asia. We should seek out further sectoral agreements such as the WTO's Information Technology Agreement. And we should launch an initiative in the advanced medical equipment sector.

We need to expand trade adjustment assistance to service workers. And we need to expand wage insurance.

We can make it easier for major American companies to employ and train their overseas employees. And we can facilitate international participation in meetings and conferences and travel to trade shows.

Fourth, we must address the burden that high health care costs place on American business. And we must help provide health insurance to those who do not have it.

We can provide health insurance tax credits to small employers. We can fund employer-based group-purchasing pools. We can increase funding for high-risk pools. We can expand Medicaid and the State Children's Health Insurance Program. We can permit a Medicare buy-in for the near-elderly.

We need to facilitate the use of health information technology. We need to use health IT to link medication administration to a patient's clinical information. We need to foster standards for the interoperability of health IT systems. We need to improve healthcare providers' ability to exchange clinical data. And we need to provide loans and grants to encourage the use of health IT. The Senate has passed legislation this session to further many of these health IT goals.

We should provide higher Medicare reimbursements to providers working to improve the quality of delivered care. And we should coordinate senior care to ensure adequate preventive care and chronic condition management. This year's Senate-passed spending reconciliation bill took the first steps toward pay-for-performance. Although there is much in that bill that gives me pause, we should enact those pay-for-performance changes.

Fifth, we must increase national savings to finance the investment and innovation of the next renaissance.

We need to plug the biggest leak in our national savings pool: the federal budget deficit. We need to truthfully report current and future Federal Government spending needs. We need to restore pay-as-you-go rules for both entitlement spending and tax cuts.

We should reduce the annual tax gap. We should eliminate wasteful and unnecessary spending. We should eliminate wasteful and unfair tax breaks, such as abusive tax shelters and corporate tax loopholes. And we should slow the growth in healthcare costs.

We can increase private savings. We can improve financial education. We can encourage automatic enrollment of eligible workers in retirement savings plans. We can bring payroll-deduction retirement savings to private sector workers lacking 401(k)s or similar plans. We can make incentives for saving more progressive. And we can extend the Savers' Credit and expand it to Americans with no income tax liability.

Sixth, for a modern renaissance, we must address the need for sustainable and environmentally compatible sources of energy.

We can launch a new "Manhattan Project" to develop clean alternative energies. We can foster the use of hydrogen and fuel cells. We can foster wind energy. We can make a clear commitment to the development of biomass and ethanol-based fuels.

We should encourage energy R&D through research grants to industry and educational institutions and tax incentives for R&D. We should offer prizes to spur innovation.

We need an investment tax credit for coal gasification technology. We need a tax credit for companies that generate fuel using an updated version of the F-T process. And we need a Federal loan guarantee so that companies can finance these capital investments. This year's energy and highway bills addressed some of these needs.

Taken together, these policies form a bold agenda to advance American competitiveness. They can help maintain American economic leadership in the world. And they can help to preserve high-wage American jobs, here at home.

Beginning next month, I will introduce a comprehensive 2006 legislative package to strengthen America's competitiveness in a changing world. This package will encompass several bills that cover the many aspects of competitiveness. I invite my Colleagues to join me in this effort.

The early Renaissance poet Dante Alighieri embodied the spirit of his times when he wrote in The Divine Comedy that people "were not born to live like brutes, but to follow virtue and knowledge."

And from that grounding of virtue and knowledge flowed naturally Dante's description: "And thence we came forth, to see again the stars."

Let us follow virtue and knowledge and foster a new American renaissance.

Let us strengthen America's competitiveness in a changing world.

And let America again go forth, toward the stars.

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