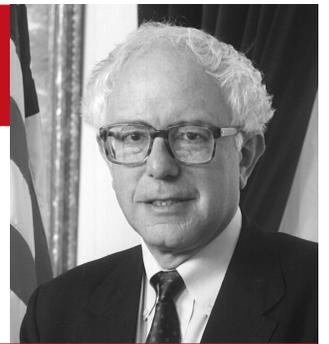




U.S. Representative

Bernie Sanders

A Special Focus on the Economy



Winter 2003

Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Fellow Vermonter,

The purpose of this newsletter is to keep you informed about some of the important economic issues facing the working people of our country. In addition, I want to invite you to contact my office if you or a family member is having a problem with Social Security, Medicare, Medicaid, veterans' needs, immigration or any other issue with which we might be of help. Our toll free number is 1-800-339-9834.

As you probably know, the unfortunate reality is that over the last two years the economy of this country has deteriorated for the middle class. Sadly, more and more Americans are working longer hours for lower wages just to keep their heads above water and to pay the bills.

Since the President has been in office unemployment has gone up from 3.9 percent to 5.6 percent, and 2,365,000 jobs have been lost in the private sector. With a record breaking trade deficit that is now over \$400 billion, including a \$100 billion trade deficit with China, we continue to lose our manufacturing infrastructure as more and more corporations produce their products abroad with cheap labor. Incredibly, in the last several years the United States has lost 1.7 million decent paying manufacturing jobs, almost 10 percent of our entire manufacturing workforce.

Sadly, poverty is increasing. In 2001, 1.3 million more Americans slipped below the official poverty line, the first increase in poverty since 1993. Homelessness is also rising, as lower income people are increasingly unable to find affordable housing. Requests for emergency shelter increased by an average of 19 percent in 2002, the largest annual increase since 1990.

The downturn in the economy has had a very negative impact upon older workers. With the stock market losing over \$6 trillion in the last two years, millions of Americans have been forced to postpone their retirement plans. At the same time, many others worry if the pensions they had been promised will be there when they retire. Ominously, the Bush Administration has introduced a proposal that would give the green light to those corporations who want to evade federal age discrimination law and convert their traditional defined benefit pension plans into so-called cash balance plans. If that proposal becomes law, the pension benefits of millions of workers could be slashed by up to 50 percent.

The long-standing health care problems facing our country are only getting worse. Last year health insurance premiums increased by 12.7 percent, and the cost of prescription drugs continues to skyrocket. Today, over 14 percent of Americans lack health insurance, and many more are underinsured. Millions of seniors are unable to afford the prescription drugs their doctors prescribe.

I am sorry to have to tell you that, in the midst of all of these problems, the Bush Administration is doing little to address them. In fact, many of their "solutions" would only make these difficult situations worse. I am especially distressed that the President and the Republican leadership continue to believe that, with a \$300 billion dollar deficit, we should give even more huge tax breaks to the very richest people in this country. At a time when this country already has the most unequal distribution of wealth and income in the industrialized world, giving large tax breaks to millionaires is not only extremely unfair, but very poor economic policy.

The middle class is the backbone of this country, and we cannot continue to allow it to deteriorate. Instead of catering to the needs of the very rich and large corporations, it's high time that Congress and the President develop policies to protect the average American.

Among many other things Congress should raise the minimum wage to a living wage and put people to work building affordable housing. We should fundamentally change our trade policies to increase manufacturing jobs. We should move this country toward a national health care program, lower the cost of prescription drugs and establish a strong prescription drug benefit under Medicare.

Instead of giving tax breaks to the rich we should adequately fund childcare, public education and college financial aid for college. We should also strengthen Social Security, not privatize it, and protect Medicaid, Medicare and veterans programs from cuts.

I hope you find this newsletter informative. If you have any questions or comments, please contact my office. Also, please visit my award-winning website at www.bernie.house.gov. This website is updated every day and has a wealth of information about issues of concern to Vermonters.

Sincerely yours,

Bernard Sanders
U.S. Congressman

The Very Rich are Getting Even Richer. But What's Happening to the Middle Class?

From the end of World War II until the 1970s the middle class in the United States expanded as millions of workers earned higher wages and saw their standard of living improve. As the middle class grew stronger, the gap between the rich and the poor declined and the U.S. became, in a very important sense, a more democratic nation. In fact, “the great middle class” of the United States became the envy of the world.

Tragically, all of that has changed. Today, the United States is reverting back to the economic picture of the 1920s – the “gilded age” in which a handful of families held extraordinary wealth while most Americans struggled hard just to keep their heads above water.

The United States today has the most unequal distribution of wealth and income of any major country on earth – and the gap between the rich and the poor continues to widen. Today, the wealthiest one percent own more wealth than the bottom 95 percent, and the richest 13,000 families earn more than the bottom 20 million. In 1997 Bill Gates, by himself, owned more wealth than the bottom 45 percent of American households combined.

Over the last 30 years the 100 top corporate CEOs went from earning 39 times the pay of their ordinary workers to more than 1,000 times. Jack Welch, former CEO of General Electric, who laid off tens of thousands of GE workers by moving their jobs to China and other low wage countries, received \$123 million in compensation in 2000, his last year on the job. Former IBM CEO Lou Gerstner, who worked hard to slash the pensions of his employees, exercised over \$260 million in stock options during the final years of his career at IBM, and secured a \$1.1 million annual pension for himself.

While the United States has seen an enormous increase in efficiency and productivity during the last 30 years, millions of low wage American workers are earning less in real, inflation-accounted-for dollars today than they earned in the 1970s. The largest employer in the U.S. used to be General Motors, where most workers were represented by a strong

union and where they earned a living wage. Today, as we continue to lose our manufacturing base and shift to a service economy, the largest employer in America is Wal-Mart – an anti-union



company that provides low wages and inadequate benefits.

Meanwhile, the gap between the rich, and the middle class and the poor is widening. A recent Congressional Budget Office (CBO) study found that between 1979 and 1997 the after-tax incomes of the top one percent of families rose 157 percent, compared with only a 10 percent gain for families near the middle of the income distribution.

The United States is a great nation that, in many ways, has been a shining light in world history in the fight for democratic rights and economic justice. The challenge now is to go forward, not backward. We must fight for an economy that works for all Americans, not just the wealthy few.

Don't Steal the Pensions of America's Workers

Over 40 million American workers today have traditional “defined benefit” pension plans. Upon retirement, these workers expect to receive a monthly pension benefit based on a formula that includes longevity and compensation.

Unfortunately, corporate America and the Bush Administration are trying to make it easier to phase out these traditional pension plans. About ten years ago corporate America came up with a proposal called the “cash balance pension” to lower the retirement benefits they have to pay to their workers. These new plans were designed to cut pensions by up to 50 percent, and to avoid federal laws that protect older workers.

Bernie first became involved in this issue when hundreds of Vermont IBM employees notified him that the pensions they had been promised were going to be cut because IBM was converting to a cash balance plan. Through an effective organizing effort, IBM was forced to scale back that decision and, in the process, save the traditional pensions of over 30,000 workers.

In September of 1999, the IRS announced that it would no longer approve the tax-exempt status of cash balance plans until they reviewed the age discrimination

implications of those plans. Since then, over 1,000 workers filed age discrimination complaints against cash balance plans with the federal Equal Employment Opportunity Commission. Also, a number of court decisions ruled against companies that had made these conversions because they discriminated against older workers.

Now, the President is proposing new government regulations that would give companies the green light to move ahead with cash balance pension raids on the retirement benefits of over 30 million Americans. This is unacceptable, and must be opposed.

As a first step, Rep. Sanders authored a letter signed by 217 Members of the House and Senate urging President Bush to withdraw his cash balance pension proposal.

Secondly, Bernie will be introducing legislation soon to require all companies that try to cut pension benefits to offer their vested workers the choice to remain in the traditional pension plan they were originally promised.

Companies should not be able to deceive their employees by cutting their pension benefits. These companies receive some \$100 billion in tax incentives to set up pension plans, and Congress must make certain that covered workers are treated fairly.



Health Care for All

The long-standing health care crisis in the United States is getting worse. Throughout Vermont and the nation, as the costs of health insurance and prescription drugs soar, workers and small business owners are finding it harder to afford the health care they need.

Although the United States spends more than twice as much per person on health care as any other country, the number of Americans who lack any health insurance is 43 million and rising. And millions more are underinsured. This is because the United States remains the only major developed country that fails to provide universal health coverage to all of its citizens.

Bernie is helping to lead the fight for health care reform on a number of fronts. He is:

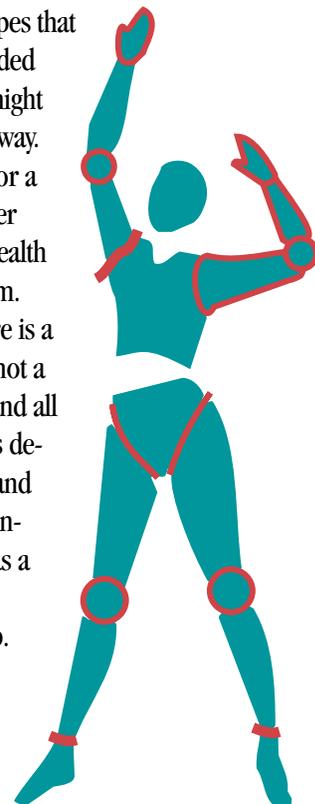
- Continuing his long-term effort for lower-priced prescription drugs and for a strong prescription drug benefit under Medicare. It is an outrage that the American people are forced to pay by far the highest prices in the world for their medicines while, year after year, the pharmaceutical industry leads the nation in its profitability. Among other battles against the drug industry, the Congressman has recently introduced legislation

that would stop GlaxoSmithKline, a huge drug company which makes billions in profits, from preventing Americans from purchasing safe and affordable prescription drugs in Canada.

- Improving primary health care access throughout Vermont by helping to establish and fund Federally Qualified Community Health Centers (FQHCs). These FQHCs provide quality primary health care to all people regardless of income. They also provide dental care and low cost prescription drugs. Bernie's goal is to create an FQHC in every region of the State. Recently, the Congressman helped secure FQHC designation and funding for the Richford Community Health Center in Franklin County. He is currently working with medical providers and community organizations to establish FQHCs in Windham, Windsor, Bennington, Washington, Addison and Lamoille counties. He has also secured funding to increase services at the FQHCs in Chittenden County and the Northeast Kingdom.
- Pushing to make the Board of Trustees of Fletcher Allen Health Care more open, accountable and responsive. Like all Vermonters, Rep. Sanders was outraged by the scandal at Fletcher Allen in which

the hospital administration failed to inform the State or the public about \$150 million in expenditures for their Renaissance Project. During the last several months Bernie held a widely-attended Town Meeting on Fletcher Allen and assembled a Task Force to develop a new governance structure for the hospital. With the recent resignation of nine members of the Board, Bernie hopes that much needed changes might be on the way.

- Working for a single payer national health care system. Health care is a right and not a privilege and all Americans deserve full and comprehensive care as a benefit of citizenship.



Americans Deserve Affordable Housing

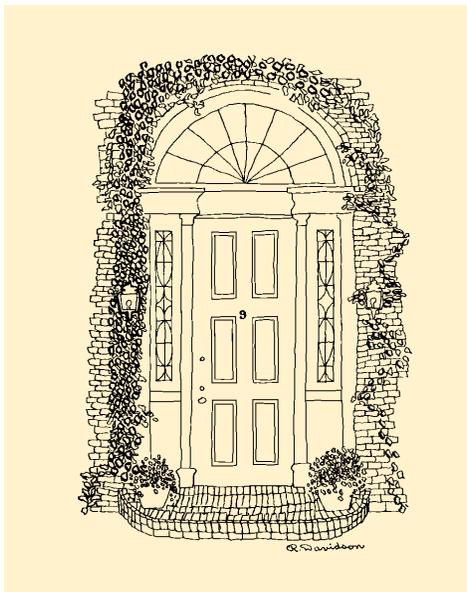
Today, an increasing number of working families, veterans, the mentally ill and the poor are living in their cars, in homeless shelters, or out on the street. At least 800,000 people, including 200,000 children, are homeless on any given night. It is particularly outrageous that many of the homeless work 40 hours a week.

But the housing crisis extends far beyond the homeless. With more and more workers employed in low-wage service jobs, millions of Americans are forced to pay an extremely high percentage of their limited incomes for housing, leaving little for other basic necessities. Studies indicate that 28 million Americans now pay more than 30 percent of their incomes for housing. Last year, more than 4 million households paid over half of their incomes for shelter, an increase of 67 percent between 1997 and 2001.

In Vermont, the lack of affordable housing combined with the reality that many Vermonters receive low wages is creating a desperate situation for many families. According to the Vermont Department of Employment and Training, 40 percent of Vermont jobs pay

less than \$10 per hour. Given that a Vermont household must make \$13.58 per hour to afford a two-bedroom apartment, what does a working family with two young kids do?

In addition, homelessness is on the rise statewide, with over 4,500 Vermonters staying in homeless shelters over the past year. And in the northwestern section of Vermont alone, there is a shortage of more than 7,000 affordable housing rental units.



The housing crisis in this country must be addressed. That is why Congressman Sanders, a senior Member of the House Financial Services Committee that has jurisdiction over housing issues, will be re-introducing the National Affordable Housing Trust Fund Act. This sweeping legislation has received overwhelming support on Capitol Hill and across the nation. Last year, it garnered over 200 Congressional co-sponsors. It was also endorsed by over 3,900 diverse organizations from all across the country.

This legislation would triple affordable housing construction in the United States by providing the necessary tools to produce, rehabilitate and preserve at least 1.5 million affordable rental units over the next decade. Not only would a National Affordable Housing Trust Fund go a long way toward solving the housing crisis in this country, it would also be a significant boost for our economy. At a time of growing unemployment, this legislation would generate about 1.8 million decent-paying new jobs and nearly \$50 billion in wages, according to the Center for Community Change.

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This mailing was prepared, published, and mailed at taxpayer expense.*

Where Have All the Jobs Gone?

It seems that almost every day there is another news story about a company that is laying off workers or closing down altogether. More often than not, the jobs lost are the kind of good-paying manufacturing jobs that families need in order to have a decent standard of living. Tragically, over the last six years, Vermont has lost more than 6,000 manufacturing jobs.

One of the least talked about, but most important, reasons why millions of workers have seen a decline in their standard of living is disastrous national trade policies such as NAFTA, MFN with China, and the WTO. Unfettered free trade, supported by Bill Clinton, George W. Bush, most Republicans and many Democrats in Congress, and virtually all of the corporate media, has cost

this country millions of decent paying jobs, and has forced wages down for many workers in Vermont and throughout our country.

Our nation's manufacturing base is collapsing. As unemployment rises, more and more Americans are searching for non-existent jobs. In the past two years we have lost 1.7 million factory jobs, 10 percent of all manufacturing employment. At 16.5 million, we now have the lowest number of factory jobs in 40 years.

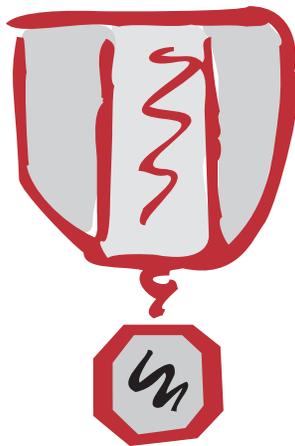
As the U.S. produces less and imports more, we have developed a record breaking trade deficit of \$435.2 billion, including a \$103.1 billion trade deficit with China. Corporation after corporation is throwing American workers out on the street as they run to China, Mexico or other low-wage

countries in search of labor as cheap as 10 cents an hour. The simple truth is that American workers cannot, and should not, be "competing" against desperate workers in developing countries. This is creating a horrendous "race to the bottom."

Clearly, we need fundamental changes in our trade policies. If the American economy is going to survive, if our workers are to earn a living wage, corporations are going to have to start reinvesting in the United States. Unfettered "free trade" may be good for the CEOs of large companies, but it has been a dismal failure for American workers. Now is the time for "fair trade."

Stand Up for Veterans

Currently, there are 300,000 veterans, including many from Vermont, who are on waiting lists to receive health care from the Veterans' Administration (VA). As of January 17th the Bush Administration told over 160,000 other veterans that they would no longer be eligible to even get on the waiting list. Further, the Administration is now in court fighting to deny military retirees the lifetime health care they were promised. Why is the President not supporting the needs of our veterans – the men who stormed the beaches of Normandy, who defended South Korea from invasion, who trudged through the



jungles of Vietnam and who are struggling with Gulf War Illness?

The Administration claims that it's a

question of money. They say they just can't afford it. If that's the case, why are they providing hundreds of billions of dollars in tax breaks for the wealthiest one percent of our population, people with a minimum income of \$370,000 a year – when only a fraction of that amount would take care of the needs of all veterans?

Congressman Sanders believes that the Administration has its priorities upside down. We should not be giving tax breaks to millionaires, and then telling veterans, seniors, children and working families that there are no funds available for their needs.