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Officers: Sen. Paul Wellstone, Rep. Cynthia McKinney, Rep. Bernie Sanders, Rep. Major Owens

NEWS UPDATE - February 15, 2001

In the News...

- **TAXES:** The Associated Press reports that the AFL-CIO last night formally endorsed the concept behind the Progressive Caucus's "American People's Dividend" tax plan. Subsequently, at a press conference today, Democratic leaders Dick Gephardt and Tom Daschle said that support for the plan is growing on Capitol Hill. Progressive Caucus Chairman called the AFL-CIO's support a "significant" step.
- **TAXES:** Citizens for Tax Justice releases a report showing that "President George W. Bush's proposed tax breaks for the best-off one percent of Americans would cost more than the total amount of money needed to pay for a comprehensive Medicare prescription drug benefit for all seniors."
- **TAXES:** The Washington Post reports that Vermont Senator Jim Jeffords has become the first Republican to publicly announce his opposition to the Bush tax-giveaway-to-the-rich plan.
- **PRESCRIPTION DRUGS:** The New York Times reports on GOP defections from Bush on prescription drugs, with Finance Committee Chairman Senator Charles Grassley (R-IA) saying that Bush's prescription drug "plan" is dead on arrival. Grassley now admits that unlike Bush's proposal, "drug benefits should be part of Medicare, not a free-standing supplement, and should be available and affordable to every older American."
- **ENERGY/AGRICULTURE:** The Associated Press reports that "the nation's farm economy is being battered by soaring costs for energy" and that the Food and Agricultural Policy Research Institute estimates that "net farm income is likely to drop 20% or \$9 billion over the next two years without increased federal aid."
- **ELECTION REFORM:** The Washington Post reports that House Democrats rejected a GOP proposal to create a select panel on election reform because the GOP refuses to balance the panel's membership proportional to the party breakdown in Congress.
- **CORPORATE WELFARE:** The Wall Street Journal reports that, surprisingly, "the Bush Administration is planning broad cuts in government subsidies to U.S. businesses, alarming many corporate executives who expected more from a Republican White House." Unfortunately, the Administration has not yet been specific, and has identified "farm subsidies" as one of its targets.
- **PAYOFFS FOR LAYOFFS:** The Center for an Urban Future in New York City released a study documenting government subsidies funding companies that cut jobs. As the study says, "39 companies announced major layoffs, large-scale mergers resulting in layoffs or put themselves up for sale a short time after benefitting from retention deals."
- **CENSUS:** The Wall Street Journal reports that "President Bush is looking to the Supreme Court to block" states from using statistical sampling in census figures that are more accurate in counting minorities and urban residents.

From the Editorial Pages...

- **RICHARD KAHLBERG AND RUY TEIXEIRA** analyze how the "New Democrat 'Third Way' vision for American politics is fundamentally flawed." As they point out with statistical backup, "it doesn't galvanize voters, it doesn't effectively unite the Democratic Party and it's easily co-opted by the Republicans (think George W. Bush's 'compassionate conservatism')."
- **PAUL ROGAT LOEB** writes for the Christian Science Monitor that "it has been painful to watch the Democrats roll over and play dead for George W. Bush since his coronation." He hits the Party for backing down from core principles and says it must return to a progressive base. As he says, "The sooner they can do this, the sooner they can begin to reclaim their power to head this country down wiser paths."

Quote of the Day...

"Complete garbage."

- Sierra Club director Carl Pope's description of Interior Secretary Gale Norton's opinion that we must allow environmentally hazardous drilling in Alaska to stem the energy crisis in California, despite the fact that California gets only 1% of its electricity from oil (AP, 2/15)

In the News on February 15, 2001

AFL - CIO ENDORSES TAX CUT PLAN

Associated Press

LOS ANGELES (AP) -- The nation's union leaders are endorsing a one-year \$400-per-person "prosperity dividend" payment from the government as part of an alternative to President Bush's tax cut plan.

A payroll credit and an increased child tax credit also won support from the AFL-CIO executive committee Wednesday as organized labor leaders pledged at their winter meeting to fight Bush's \$1.6 trillion, across-the-board tax proposal.

"For tax relief to provide an efficient and effective stimulus, it must flow to those who will most likely spend it," the resolution said. "This means ensuring that low- and middle-income families receive the bulk of the tax cuts."

Labor Secretary Elaine Chao also met with the council Wednesday and said later that she came "to listen and to learn about the concerns of organized labor." She said the meeting was "productive," and looked forward to "a very cordial and long and productive relationship."

"I am going to work very, very hard to find areas of commonality in which labor and the department can work," Chao said.

The resolution on tax cuts said the AFL-CIO supports:

--A one-year, \$110 billion "prosperity dividend" of \$400 per person paid this year to all Americans regardless of income.

--A refundable income tax credit that exempts the first \$5,700 in earnings from the employee portion of the payroll tax. The plan would cost about \$45 billion annually and yield an annual tax cut of \$427 a person.

--Increasing the child tax credit from \$500 to \$1,000 and making it refundable, which would cost \$44 billion annually. The average benefit would be \$1,120.

The dividend, compared to companies' payouts to shareholders, "would put money in people's hands quickly rather than out in the sixth year" of Bush's plan, said Richard Trumka, AFL-CIO secretary-treasurer.

The dividend plan is similar to a proposal in Congress by Rep. Bernie Sanders, I-Vt., which would offer a \$300 rebate to each person. Sanders' plan also suspends the dividend if there is no budget surplus.

"Right now, we have a surplus and some of it can be returned to the American people. But it should go to everyone equally, not given mostly to the rich," Sanders said.

Leaders who met with Chao said she did not provide substantive answers to policy questions such as Labor Department cuts or the future of the new ergonomics standards, saying she had only been on the job eight days.

She did tell the labor leaders that she and the Bush administration would disagree with unions on labor-management partnership agreements, said Denise Mitchell, AFL-CIO official. Bush is considering disbanding such agreements created by President Clinton.

Sweeney said Chao assured union leaders she would listen to them.

"I think she conveyed a similar message as the president has conveyed to me, that we will have our differences, but we will have the opportunity to discuss these issues," he said.

In other business, the AFL-CIO launched a new public campaign with the U.N.'s International Labor Organization to post workers' rights signs in all workplaces throughout the world. The rights are the 1998 "Declaration of Fundamental Principles and Rights at Work" adopted in Geneva.

The posters say "You have rights" and lists organizing a union, refusing forced labor, rejecting child labor and working free from discrimination.

Also, about a dozen national union leaders will travel to Oklahoma City early next week to meet with legislative leaders, local unions and community groups in an effort to block a "right to work" bill moving through the Legislature, Trumka said.

PROGRESSIVE CAUCUS HAILS TAX ENDORSEMENT BY AFL-CIO; CALLS ON PRESIDENT BUSH TO PUSH EQUAL TAX RELIEF FOR ALL

Progressive Caucus Release

WASHINGTON – The Congressional Progressive Caucus today hailed last night’s announcement that the AFL-CIO formally endorsed the framework of its “American People’s Dividend” plan, by which every man, woman and child receives a set dividend tax cut, as long as a surplus exists. The Caucus, which this week authored a letter to labor leaders urging them to support the dividend concept, is now aggressively moving forward to have its tax plan become the prime alternative to the Bush plan, which gives most tax relief to the wealthy.

Progressive Caucus Chairman Dennis Kucinich said, “Representing 13 million people and the aspirations of many more, the AFL-CIO has given a significant endorsement to the Progressive Caucus’ plan for equitable distribution of the surplus. Members of Congress should be encouraged to ensure that all people get an equal share of the surplus through an American People’s Dividend.”

Three weeks ago, Rep. Bernard Sanders (I-VT) brought the dividend plan to the Caucus, which promptly endorsed the proposal. The next day, Members of the Progressive Caucus presented their “American People’s Dividend” to the Democratic Caucus as a whole, and with a supportive response, was called into a private meeting with Minority Leader Gephardt to discuss the possibility of the plan becoming the prime alternative to the Bush plan. Members of the Progressive Caucus are now negotiating with Members of the Ways and Means Committee to have its plan formally adopted as the prime alternative to the Bush plan.

Progressive Caucus Vice Chair Barbara Lee (D-CA) said, “I am thrilled that the AFL-CIO has endorsed the concept behind the Progressive Caucus’s American People’s Dividend plan. Clearly, this is the plan that will give the most tax relief to the greatest number of Americans, including children, minorities, seniors, and the poor. I look forward to working with my colleagues, the AFL-CIO, and other groups that will benefit from the Progressive Caucus tax plan to make sure that those left out of the ‘economic boom’ of the past eight years will see some real tax relief.”

Yesterday, the Progressive Caucus released a report entitled “Equalizing Tax Reform” in which it presented detailed analysis comparing the American People’s Dividend to the Bush plan. All told, the report proved that the plan to give every man, woman and child in America \$300 would provide far more tax relief to 80% of the population than the Bush plan, at half the cost to the government. Additionally, the report also analyzed how the American People’s Dividend would provide far more immediate stimulus to the economy than the Bush plan.

Sanders said, “While the Bush proposal essentially leaves out seniors and low-income workers, the Progressive Caucus plan helps everyone – and I am glad that the AFL-CIO and labor leaders see that. Our premise is based on the fact that Americans rich and poor helped build the surplus, and therefore everyone should get an equal part of that surplus – not just the wealthy. This plan is simple, across-the-board, and fiscally prudent. President Bush should stop trying to trick the American people into believing that his plan helps everyone, and join the Progressive Caucus and the working people of America to pass a plan that gives everyone an equal benefit.”

Rep. Kucinich was elected chairman of the Progressive Caucus one month ago. With the development and promotion of the American People’s Dividend, and with positions on several other issues under development, the Progressive Caucus is showing new life as a force in Congress.

PROPOSED TAX GIVEAWAYS FOR WEALTHIEST 1% WOULD PAY FOR MEDICARE PRESCRIPTION COVERAGE FOR SENIORS

Citizens for Tax Justice

President George W. Bush’s proposed tax breaks for the best-off one percent of Americans would cost more than the total amount of money needed to pay for a comprehensive Medicare prescription drug benefit for all seniors, according to a study released today by Citizens for Tax Justice and USAction.

“Our choices are stark. Do we want to give 39 million senior citizens the respect they deserve with prescription drug coverage under Medicare? Or do we give \$774 billion in tax giveaways to a million millionaires?” asked William McNary, President of USAction.

The report, *Bad Policy, Bad Medicine*, reveals that over a ten-year period the wealthiest one percent of Americans would receive \$774 billion in tax breaks--while a fully funded comprehensive Medicare prescription drug benefit for America’s seniors would cost a net of \$738 billion.

"Last year, Dick Cheney famously claimed that he had to vote against Head Start in the early 1980s because he had voted for the 1981 Reagan corporate and upper-income tax cuts instead," noted Robert S. McIntyre, director of Citizens for Tax Justice. "Well, we're seeing the same thing again this year. President Bush says we can't afford anything but a miserly prescription drug plan because he wants to use all available resources for tax breaks for the rich."

"A narrow slice of the population--the wealthiest one percent, whose incomes average over one million dollars--would receive 43 percent of the total Bush tax cuts," McIntyre pointed out.

Seniors have been the victims of skyrocketing drug costs and have greater out-of-pocket prescription costs as a percentage of their incomes than any other group.

"My wife and I pay \$18,400 annually for prescription medication and supplemental premiums," said Bill McHugh, a retiree from Narberth, PA. "This is an enormous hardship. I'm a Republican," noted McHugh, "and though I would realize some savings from this tax cut, I think the President has wrongly prioritized his agenda. He should pass a comprehensive Medicare prescription benefit, rather than giving a huge tax windfall to millionaires."

"President Bush has made his choice clear. He favors a huge tax cut for the wealthy and an inadequate prescription drug plan that will only help one percent of seniors," said John Marvin, Regional Director of the Association of Retired Americans and board member of USAction. "Today we are calling on Congress to put first things first. Take care of filling the prescriptions for our seniors instead of filling the bank accounts of one million millionaires."

GOP SENATOR OPPOSES TAX CUT

Washington Post

Vermont's James M. Jeffords has become the first Senate Republican to publicly oppose President Bush's \$1.6 trillion tax cut, arguing that it is too costly and tilted toward the rich. "I don't think there's any question he is going to have to change the bill," he told the Burlington, Vt., Free Press.

Jeffords is a member of the Senate Finance Committee, which has jurisdiction over tax legislation, and is thus positioned to play a critical role in fate of Bush's bill in committee and on the Senate floor.

The Senate and its committees are evenly divided between the two parties, and any defection from either side could be decisive in a close vote. So far, one Democrat -- Sen. Zell Miller of Georgia -- has broken ranks to support Bush's tax cut proposal. A tie vote would be broken by Vice President Cheney in favor of the president's bill.

Several other Republicans have indicated reservations about Bush's proposal, especially about its impact on the federal budget, and have urged consideration of a mechanism, or "trigger," to ensure that surpluses exist before tax cuts take place. Some Democrats have indicated they might support Bush's bill if the administration will agree to substantial changes.

Jeffords said he would like to see the size of the proposal reduced to about \$1 trillion, according to the Burlington paper.

PANEL WON'T TAKE UP BUSH'S MEDICARE PLAN

New York Times

WASHINGTON, Feb. 14 — The chairman of the Senate Finance Committee, Charles E. Grassley, said today that he would not act on President Bush's campaign proposal for a fundamental restructuring of Medicare but would try instead to forge a consensus this year on legislation quickly adding prescription drug benefits to the program.

Mr. Grassley, an Iowa Republican, said he would try to get the committee to approve drug benefits and "incremental changes in Medicare" within six months.

"I plan to work with Finance Committee members on both sides of the aisle and with our president to get something done before August," Mr. Grassley said. Drug benefits should be "part of Medicare," not a free-standing supplement, and should be available and affordable to every older American, he said.

In the campaign, Mr. Bush offered a two-part prescription drug plan, starting with \$12 billion a year in federal grants to the states to help low-income elderly people, then moving to "fundamental Medicare reform," with the federal government offering insurers a fixed amount of money to provide health coverage for each Medicare beneficiary. In that second phase, each insurer would have to offer a policy that included prescription drug coverage.

Senators of both parties, including Mr. Grassley, had previously expressed grave doubts about Mr. Bush's proposal to

provide \$12 billion a year to the states, outside Medicare, to help the low-income elderly buy medications. And today Mr. Grassley and his aides made clear that he had no plans this year to take up the other half of Mr. Bush's campaign proposal, which would force Medicare's traditional fee-for-service program to compete with private health insurance plans.

Republicans said that they did not have the votes to pass such an ambitious plan this year and that the effort could tie the Senate in knots.

Mr. Grassley made his comments today in a speech to AARP, formerly the American Association of Retired Persons, and at a briefing for journalists that he convened with Senator Max Baucus of Montana, the senior Democrat on the Finance Committee.

Lawmakers have often vowed to add drug benefits to Medicare, only to be stymied by politics and the complexities of health policy. But Mr. Grassley and Mr. Baucus said they believed that Congress would soon create a new Medicare drug benefit because voters wanted it, Mr. Bush had campaigned for it and, they said, the budget surplus allowed it.

With the Senate evenly divided between Republicans and Democrats, Mr. Baucus said, "we really mean it when we say we want to work together."

Monica S. Tencate, the health policy director for the Finance Committee, said Mr. Grassley and the panel were not planning to make "fundamental changes in the structure of Medicare," as proposed by Mr. Bush.

"I don't want to prematurely say that we're significantly breaking from anything the administration is doing," Ms. Tencate said. "But we are not starting with the administration proposal."

The White House had no immediate comment on the statements by Senators Baucus and Grassley.

Senator Baucus said that the fee- for-service program "has to be protected in any so-called reforms" and that it might be wise to test ways of injecting competition into Medicare through pilot projects before making wholesale changes.

"It's my experience that often competition and deregulation, in theory, look good," Mr. Baucus said, "but in practice there are a lot more problems than meet the eye. Take airline deregulation in rural areas, or the partial deregulation of power in California. Let's just be careful."

Mr. Grassley said he intended to add drug benefits to Medicare as part of an effort to "modernize the program." Modernizing Medicare is an amorphous concept, but Mr. Grassley and his aides said it would stop well short of Mr. Bush's plan of restructuring.

The senator and his aides said modernization ought to include these elements:

¶The agency that runs Medicare, the Health Care Financing Administration, should be revamped, or Congress should create a separate agency to supervise private health plans serving Medicare beneficiaries. Lawmakers of both parties said the existing agency had a well-deserved reputation as a heavy-handed regulator of the health care industry, its prices and its operations.

¶The government should do what it can to draw health maintenance organizations into Medicare, particularly in rural areas and other places where beneficiaries now have few options.

¶Congress should shore up the finances of Medicare and improve the measurement of its financial condition. At present, the most commonly used measure focuses on the Hospital Insurance Trust Fund, which accounts for less than 60 percent of Medicare spending.

In writing legislation, Mr. Grassley said, he will borrow ideas from a Medicare bill introduced last year by Senators John B. Breaux, Democrat of Louisiana, and Bill Frist, Republican of Tennessee. That bill, he said, is "a good starting point."

RISING COSTS WILL CAUSE 20% DROP IN FARM INCOME, GROUP SAYS

Associated Press

WASHINGTON, Feb. 14 — The nation's farm economy is being battered by soaring costs for energy and fertilizer, a research institute has told Congress.

Net farm income is likely to drop 20 percent, or \$9 billion, over the next two years without increased federal aid, the Food and Agricultural Policy Research Institute told Congress on Tuesday. The institute is financed by Congress and based at the University of Missouri.

The cost of fuel that farmers need for tractors, combines and irrigation equipment jumped 31 percent last year. Prices may drop slightly in coming months, but growers are expected to be hit this year with a 33 percent increase in fertilizer costs, the report said. Nitrogen fertilizer is made from natural gas.

"It's not only low prices, it's high production costs that are squeezing farmers," said Bruce Babcock, an Iowa State University economist.

Keith Dittrich, a Nebraska farmer, said he expected to pay about \$67 an acre to irrigate his corn this year, compared with \$37 an acre in 2000. Fertilizer costs are running \$40 an acre, up from \$25 last year.

Meanwhile, the price of corn has averaged less than \$2 a bushel for several years.

"You keep looking for ways to find better efficiencies in your operation, but there's a limit to that," Mr. Dittrich said. "It's to the point where there is no place to cut."

The financial squeeze is not just in the Midwest. Cotton farms in California and Texas that rely heavily on irrigation are likely to be among the hardest hit over the next few years, according to an analysis by Texas A&M University. Rice farms of all sizes are likely to lose money, too. Wheat and soybean farmers, whose fertilizer and fuel costs are generally lower, would do a little better.

A 2,000-acre cotton farm in California is expected to have \$1.05 in costs for every \$1 in income over the next five years.

Cattle producers are in the best shape, in part because of rising beef consumption and low grain prices, which result in lower feed costs.

Crop prices plummeted in the late 1990's because of lagging exports and heavy worldwide production, and Congress responded by passing multibillion-dollar packages of supplemental assistance in each of the past three years. Last year, farmers received \$8 billion in emergency aid.

Senator Pat Roberts, Republican of Kansas, warned recently that farmers faced a "economic and energy powder keg" because of rising production costs. Agriculture Secretary Ann M. Veneman has endorsed the idea of another emergency aid package this year but has not said how much money will be needed.

The report released estimates on Tuesday that net farm income will drop from \$45.4 billion last year to \$39.6 billion in 2001 and \$36.3 billion in 2002 before starting to turn around in the following years as commodity prices rise.

Farm income peaked at \$55 billion in 1996. Government payments have been soaring since then, topping \$22 billion last year, triple the total in 1996.

Mr. Roberts and other farm state lawmakers also want to protect farmers from more taxes. At issue are conflicting court rulings over whether farmers must pay self-employment taxes on income from the federal Conservation Reserve Program, which distributes \$1.4 billion to more than 290,000 farmers who take environmentally sensitive acreage out of production.

"Now is not the time to add another tax burden on our struggling farmers," said Mr. Roberts, one of several sponsors of a measure blocking the additional taxes.

NORTON SAYS ADMINISTRATION MUST MAKE CASE FOR DRILLING

Associated Press

WASHINGTON (AP) -- The Bush administration will weigh opening some currently off-limits areas of the Rockies to oil and gas drilling as part of a sweeping review of untapped energy resources, Interior Secretary Gale Norton said Monday.

But in an interview with The Associated Press, the former Colorado attorney general acknowledged the administration still needs to make the case for opening Alaska's Arctic National Wildlife Refuge to drilling.

"In order to satisfy Congress ... President Bush and I are going to have to establish that energy development can take place in a very environmentally responsible manner," Norton said.

A 1999 study by the National Petroleum Council, an industry advisory group to the government, said about 10 percent of the country's total reserves of natural gas lay beneath the Rockies but that 40 percent of the deposits are off-limits to drilling.

In 1997, the U.S. Forest Service banned drilling in areas of the Lewis and Clark National Forest that is part of the Overthrust Belt _ a geological formation in Montana, Idaho, Wyoming and northern Utah rich in oil and gas deposits.

"We want to ensure that energy production is taking place in those areas where the environment can most tolerate that," Norton said. "One of the areas that would be studied as part of an across-the-board look at energy resources would be the Overthrust Belt."

However, she said she and Bush support current moratoriums on new offshore drilling in California and Florida. "That certainly would continue," she said.

The last time the Interior Department did a formal Environmental Impact Statement on drilling for oil in the Alaska refuge was 1987. Norton said current technologies would have minimal effect on the environment, but she acknowledged new studies may be needed.

"We'll have to look at what environmental studies are going to need to be done. At this point, I don't know exactly which documents will have to be prepared," she said.

A poll conducted for the AP two weeks ago found that 48 percent opposed exploring for oil in the pristine Alaska refuge, while 43 percent approve.

Norton said it was "still under discussion exactly what format the proposal would take" on Arctic drilling. Options under discussion include lifting the ban as part of an energy package Bush plans to submit to Congress next month or trying to attach the measure to a bill that could not be filibustered in the Senate.

Norton linked opening the Arctic refuge directly to soaring natural gas prices around the country and the electricity shortage in California that is being aggravated by the high gas prices.

"In order to ensure that jobs are available, that our dynamic economy continues, that elderly people in California are not having to worry about how to keep their homes warm, we're going to have to examine how to look at Arctic production in an environmentally friendly way," she said.

Sierra Club executive director Carl Pope called that rationale "complete garbage." California relies on oil for about 1 percent of its electricity and that oil from the Arctic likely would take a decade to get to production and be exported to Japan, he said.

"What they're doing is taking today's headlines and wrapping them around a payoff to the oil industry," Pope said. In the AP interview, Norton also said:

--She plans to travel within the next few months to see the Alaska refuge and the Everglades in Florida, where the Army Corps of Engineers is beginning a \$7.8 billion, 25-year project to restore its natural flow.

--The administration is looking at recommending changes to the Endangered Species Act that would add economic incentives for landowners. "The Endangered Species Act has tended to create confrontation ... all of the wrong incentives. Instead of crippling people who find endangered species, we ought to have a way of helping them, rewarding them and working with them. It may or may not take changes in the law to be able to do that. We'll certainly be looking at what can be done administratively."

--An energy task force headed by Vice President Dick Cheney has made no decision yet on California's request to expedite permits required by agencies in her department so that new power plants there can be operating by the summer air conditioning season.

--She and Bush support full federal funding at \$900 million a year of a federal-state land buying conservation program. She stopped short of endorsing broader legislation that would commit the government to spending \$3 billion a year for 15 years on land conservation efforts. Western Republican senators stopped the bill last year. Norton said she hopes her legacy will be lending a voice to those affected by federal land decisions.

"The Department of the Interior is often viewed as remote and distant, making decisions that deeply affect people's lives without really understanding the consequences," she said. "I would like to be remembered as a secretary who

really brought people together and changed our decision-making focus to one that requires Washington to listen to people throughout the country."

HOUSE IN DISPUTE OVER ELECTION REFORM PANEL

Washington Post

A dispute between House Republicans and Democrats over the composition of a bipartisan commission on election reform is threatening to undermine efforts to examine proposed changes to the country's election system even before they begin.

House Republicans announced yesterday that they were establishing a select election panel, which Speaker J. Dennis Hastert (R-Ill.) promised last month he would create after a White House meeting between President Bush and congressional leaders. But House Democrats simultaneously rejected the GOP proposal as unfair and moved to form an election reform panel of their own.

The Democrats are demanding that the select panel be composed of an equal number of Democratic and Republican members, while Republicans want to hold a one-vote majority. The impasse underscores the obstacles to bipartisanship in the House where, despite Bush's call for a new tone, lingering bitterness over the outcome of the presidential election continues to strain relations between the two parties.

Chief Deputy Majority Whip Roy Blunt (R-Mo.) said in an interview yesterday that he will chair the select committee's first meeting, after the Presidents' Day congressional recess, while House Minority Leader Richard A. Gephardt (D-Mo.) held a news conference to announce the creation of an election reform panel made up of Democrats only.

"Democrats understand that last year's election revealed real flaws and cracks in our voting system, and that the American people want us to act as quickly as humanly possible to shore up their democracy," Gephardt said, adding that Rep. Maxine Waters (D-Calif.) will chair the committee.

Gephardt emphasized that he is still seeking a compromise with Hastert on the issue, but Gephardt spokeswoman Laura Nichols said Democrats will insist on an equal number of seats on any joint panel.

"As of today, we can't agree to participate in the committee as they've proposed it," Nichols said. She said Gephardt hopes to speak directly to Hastert, who was hospitalized this week for treatment of kidney stones and is recuperating at home. "This can't be truly bipartisan unless you have an even split on the committee."

Hastert spokesman John Feehery said the Republicans saw no reason to grant the Democrats' request.

"We have a majority of the House; we will have a majority on this committee," Feehery said. "But we do hope it will be a bipartisan committee that will look at all the issues soberly."

Blunt, whose service as Missouri secretary of state makes him the only former chief election official in the House GOP, said he is optimistic that Democrats will join him in an effort to issue a report by this summer so Congress can adopt some reforms before the next election.

"The mission is to work to ensure we have the greatest possible confidence in the election system, from registration to results," he said. "It's clear the system can be improved, and the federal government has a role to play in that."

Blunt declined to specify how large the committee will be or what level of funding it will receive, but added that he hopes to consider a wide array of policy proposals. Some lawmakers have already suggested changes, including a universal closing time for polls, an extended voting period and more funding for technologically advanced balloting.

House members, meanwhile, are still fumbling over how to establish more collegial working relationships. Yesterday, for example, Democrats on the Education and the Workforce Committee said they would boycott all subcommittees to protest the GOP's decision to remove jurisdiction over minority colleges from the panel overseeing higher education. The dispute could jeopardize a bipartisan accord on education reform, one of Bush's top priorities for the year.

"At a time when the need for a unified education program is highest on the national agenda, the Republican leaders of our committee have made a serious and insensitive mistake," said Rep. George Miller (Calif.), the top Democrat on the panel. "We call on them to undo it immediately."

Western Democrats are also upset that the GOP is not allowing them to testify during an energy policy hearing today. "It may be a new happy face, but it's the same old Republican Congress," said Rep. Peter A. DeFazio (D-Ore.).

WHITE HOUSE IS PLANNING BROAD CUTS IN U.S. FIRMS' GOVERNMENT SUBSIDIES

Wall Street Journal

WASHINGTON -- The Bush administration is planning broad cuts in government subsidies to U.S. businesses, alarming many corporate executives who expected more from a Republican White House.

White House budget officials are telling government agency heads to expect that business-subsidy programs will be trimmed to provide money for such Bush priorities as education, defense and tax cuts. Programs facing cuts include trade-agreement enforcement, export promotion, farm subsidies and technology development.

"When you're looking at trying to slow the rate of growth of spending on the one hand, and focus on key priorities on the other, there are areas such as corporate subsidies that need to be taken a look at and in some cases need to be reduced," said a spokesman for White House budget director Mitchell Daniels.

The Office of Management and Budget wrote federal agencies recently referring to corporate subsidies as "unjustified" and "low priority." Similarly, President Bush has resisted corporate pressure to tailor his 10-year, \$1.6 trillion tax-cut plan to provide more business breaks, choosing instead to focus the benefits on individuals.

The White House has declined to provide details on its fiscal 2002 budget proposal, which Mr. Bush will release Feb. 28. But corporate lobbyists have been getting warnings about the proposed cuts from officials at the agencies they deal with, and they have complained to Mr. Daniels.

The Bush team is "sending a strong signal both on the spending side and on the tax side that they have their priorities, and where corporate interests don't fit with them [businesses] shouldn't expect to be taken care of," said Marty Reiser of Citizens for a Sound Economy, a free-market advocacy group that promotes limited government. "It's a real challenge for Republicans."

A proposed cut that especially concerns the business lobby is aimed at the Commerce Department's International Trade Administration, which helps U.S. companies overseas, monitors foreign countries' adherence to free-trade deals and investigates complaints about foreign countries subsidizing their industries or dumping underpriced goods here.

The ITA, which just added 70 positions to monitor whether China is keeping promises made during negotiations to enter the World Trade Organization, had expected to expand its trade activities next year. But instead of increasing the agency's budget, Commerce Secretary Don Evans would cut it to \$328 million from \$337 million under the new budget ceiling, according to business groups. The Clinton administration used the promise of enhanced monitoring to secure congressional support for the China trade accord, so the Commerce Department may shift money from trade-support programs to watch China.

"It's just incredible the administration would be thinking about cutting that," said Edmund Rice, president of the Coalition for Employment through Exports, a group of 35 U.S. exporters and banks.

The White House also told Overseas Private Investment Corp., which provides insurance and loans to companies investing in developing nations, that \$24 million in credit funding from fiscal 2001 would be eliminated next year, which would force the agency to rely on previously authorized funds.

The Agriculture Department faces possible cuts in a \$90 million overseas marketing program and a \$1 billion aid program under which the government buys farm products and provides them free or at a discount to developing countries.

PAYOFFS FOR LAYOFFS: DESIGNED TO SAVE JOBS, NEW YORK CITY'S CORPORATE RETENTION DEALS OFTEN RESULT IN JOB CUTS

Center for an Urban Future (<http://www.nycfuture.org/econdev/0211payoffs.htm>)

Ever since New York City began handing out multi-million dollar tax breaks to retain corporations threatening to take their jobs elsewhere, city officials have been trying to justify those incentive deals by promising huge benefits to the city, in the form of new jobs and increased tax revenues. But, in fact, the firms receiving these lucrative incentive packages are no more likely to live up to these rosy job projections than are city election officials able to deliver on their promises that voting machines won't break down on election day.

This study reveals that a disturbingly large percentage of the firms that have benefited from city retention deals during

the past decade have been acquired by other companies, put themselves up for sale, gone belly-up, moved major parts of their business out of the city or simply eliminated many jobs in New York shortly after taking advantage of city incentives. The end result, in case after case, has been a reduction in city jobs.

It is not surprising that successive mayoral administrations have showered hundreds of millions of dollars in tax breaks on corporations. Ever since Fortune 500 companies started streaming out of the city in the 1970s, city officials have been trying to do something to keep those jobs in the five boroughs. And with the city's relatively high tax rates, tax incentives are one way to level the playing field for some New York businesses. In addition, corporate retention deals are an easy way for city leaders to give the impression of active involvement in the city's economic development. (It is a lot easier for a mayor to lay out \$25 million in tax breaks to retain 2,000 jobs at one large corporation than it is to develop a program to retain hundreds of firms that have about 20 employees each.)

The problem, however, is that while the souped-up press releases announcing corporate retention deals sound great, city officials never update the public about whether individual deals are a success a year, five years or ten years after they are first announced. And the city's Economic Development Corporation (EDC) has never commissioned an independent study to determine whether the companies that received city benefits actually fulfilled their employment promises.

This study of the roughly 80 companies that benefited from commercial retention deals in excess of \$500,000 over the past 12 years, is the most comprehensive independent attempt to provide a glimpse into what corporate recipients have done in the months and years after these deals are announced. And it isn't encouraging.

Overall, it details 39 companies that announced major layoffs, large-scale mergers (which typically resulted in layoffs) or put themselves up for sale (which are likely to lead to layoffs) a short time after benefiting from retention deals. In the past five months alone, at least 16 companies that received city incentives announced significant job cuts.

At least four recipients entered into large-scale mergers within three months after they were presented with city incentives. Four other recipients unveiled mergers within a year of receiving city tax breaks.

And 13 companies that received city tax breaks merged with other firms that also got city tax deals, virtually guaranteeing a net loss in city jobs.

The overwhelming majority of the roughly 80 companies on the receiving end of retention deals are in the financial services, banking, insurance and media sectors. In the past two years, more than a half dozen dot coms, Internet consulting firms and other high-tech firms have gotten into the act.

But in recent years, mergers and consolidations were rampant within the banking, financial services and media sectors. And the high tech companies that once looked like sure bets to become the city's next generation of corporate heavyweights have been forced to cut back operations in the wake of plunging stock prices.

At least 17 financial firms that have benefited from city retention deals since 1988 have either acquired or been acquired by other major financial firms in the months and years after these city incentives were announced—Citicorp, Chase Manhattan Bank, Donaldson Lufkin & Jenrette, Credit Suisse/First Boston, the Travelers Group, ING Barings, Furman Selz, Alexander & Alexander, Morgan Stanley, Dillon Read, Paine Webber, Kidder Peabody, Tullet & Tokyo Forex, Cantor Fitzgerald, Spear Leeds & Kellogg, and the Depository Trust Co.

Other financial recipients, like Bear Stearns, haven't yet merged with other firms but have announced they are up for sale. Still others, such as Merrill Lynch, weren't involved in a major acquisition, but eliminated thousands of jobs nonetheless.

A majority of the dot coms and related high tech companies that benefited from city retention deals have since announced large-scale layoffs or merged with other media/Internet firms. One such firm, StarMedia Networks, was recently forced to lay off 15 percent of its work force and give back a large chunk of the office space that it had leased with the help of city incentives. Another firm, the Scient Corporation, said it would lay off 25 percent of its staff just nine months after it was awarded a city tax deal.

Perhaps the best example of the city's failure to pick a high-tech winner is PSINET. At a press conference last February, the Mayor announced with much fanfare that the Internet company would open an office in Long Island City and bring 450 new jobs, with the help of city tax exemptions. Before the year was over, however, PSINET scrapped its plans to come to New York and announced hundreds of layoffs. (Since it never moved to New York, it never benefited from city tax breaks.)

Over the past 12 years, many of the major television and cable networks—including NBC, CBS, ABC, Fox, Viacom (which owns MTV and VH1) and Time Warner (which owns HBO and CNN)—have received multi-million dollar tax incentive packages to remain in New York. But in recent years, this industry has witnessed a wave of mergers. To name a few, Walt Disney bought ABC; Viacom purchased CBS and America Online took over Time Warner. Because

the newly formed companies often have overlapping staff, layoffs commonly follow the mergers.

Financial exchanges account for a large percentage of the more than \$2 billion in tax incentives awarded by the city over the past 12 years. The New York Mercantile Exchange, the New York Board of Trade and the Nasdaq all benefited from expensive retention deals. The Giuliani Administration has also promised roughly \$600 million in subsidies and tax breaks to the New York Stock Exchange. Though the exchanges are extremely important to the city's economy, these deals fly in the face of the fact that, throughout the world, trading floors are increasingly being replaced by electronic trading systems. In the long run, exchanges such as these are likely to see a decline in jobs, a trend born out by the Mercantile Exchange's decision to lay off 10 percent of its staff last summer.

Companies that merged with other firms, downsized or moved jobs out of New York soon after benefiting from city tax breaks aren't deadbeats. Most simply made rational business decisions that resulted in a loss of jobs. The fact that they chose to benefit shareholders rather than New York employees shouldn't come as a surprise to city officials.

Trying to pick winners simply doesn't work.

It is impossible to know how many of the firms that received city tax breaks over the years have defaulted on their pledges to retain and create jobs in New York: EDC does not make any information about these firms' employment levels available to the public, or even the City Council. But enough of them have announced significant layoffs or mergers in recent years to raise fundamental doubts about the effectiveness of firm-specific tax breaks as an economic development tool. The fact that so many firms have slashed their work force during a time of extended growth in the city's economy further highlights the problems with this longtime city policy.

This report makes the case that city policy makers should shift the city's economic development strategy from a defensive policy consisting largely of reacting to individual companies' threats to a more forward-looking policy that addresses the obstacles to growth facing a range of the city's most vital industry sectors and the many firms, both small and large, that make up these sectors.

CENSUS DISPUTE OVER REDISTRICTING MAY HEAD TO THE SUPREME COURT

Wall Street Journal

President Bush is looking to the Supreme Court to block yet another recount that Democrats believe would yield them crucial votes, Republican officials say.

This time, unlike the court battles that settled last year's presidential election, Mr. Bush hopes to rely on the precedent of a 1999 high-court ruling to prevent states from using statistically revised census numbers to redraw congressional districts. The strategy won't affect Mr. Bush's own electoral prospects, but House Republicans believe it could increase their chance of winning as many as a dozen races in the 2002 midterm congressional elections.

At the center of the dispute is a decision the Census Bureau must make in the next three weeks: whether to use the actual 2000 census head count in drawing up congressional districts or to rely upon so-called sampling, in which the count is revised by statistical means to reflect inadvertent omissions of hard-to-track groups. Sampling is thought to favor Democrats because it would adjust for the perceived undercount of these groups and bolster the political clout of the areas where they are concentrated, which tend to vote Democratic.

If Mr. Bush, as expected, decides to block the use of revised-census data for redistricting, Democrats say they are prepared to challenge the decision in court. "I think it most likely would go back to the Supreme Court," says Jessica Heinz, the assistant city attorney for Los Angeles, who is helping to put together a lawsuit.

Current regulations, initiated by the Clinton administration, require the Census Bureau chief, William Barron, a career civil servant who became acting director when Mr. Clinton's appointee stepped down last month, to decide whether to adjust the count. According to Baruch Fellner, an administrative-law expert at Gibson, Dunn & Crutcher LLP, it would be nearly impossible for Mr. Bush to overturn the rule in such a short time. But others say the White House could readily change it to reflect their legal thinking, which would have the effect of blocking sampling.

Either way, both sides expect the dispute to reach the Supreme Court.

In 1999, the high court ruled, in a case pitting the Commerce Department against the House of Representatives, that unadjusted census data must be used to determine the population of each state and its congressional apportionment, or the number of House seats it gets. The ruling didn't specifically address the issue of redrawing congressional districts within states.

No Consensus

Percent that census figures undercounted various U.S. populations

Population Segment	1990 Undercount	2000 Undercount
American Indians/ Alaskan Natives	12.22%	2.77-6.71%
Blacks	4.57	1.60-2.73
Hispanics	4.99	2.22-3.48
Asian and Pacific Islanders	2.36	2.01 under-0.09 over
Whites	0.68	0.44-0.90
Under 18	3.18	1.23-1.85
Total	1.60	0.96-1.40

Source: Commerce Department

Rep. Roy Blunt (R., Mo.), a Bush adviser handling census matters for GOP House leaders, says the "logical extension" of the 1999 Supreme Court decision is that the same numbers used for apportionment "must be used" for redistricting. Mr. Blunt said there is practical unanimity in the GOP on this legal theory.

At a hearing Wednesday of the House subcommittee on the census, panel chairman Rep. Dan Miller (R., Fla.) said, "sampling for redistricting is just as illegal as sampling for apportionment, and that the Supreme Court opinion was clear in this regard."

White House spokeswoman Claire Buchan refused to comment on the White House strategy.

Democrats, however, contend the Supreme Court decision "clearly" provides states the right to use sampled data for redistricting. "Back when the Constitution was written, they didn't have districts; representatives were elected at large," Ms. Heinz said. Therefore, she says, it isn't a constitutional issue.

In a memo drafted at the behest of Rep. Carolyn Maloney (D., N.Y.), a leading Democrat on the census subcommittee, lawyer Brian S. Currey, representing the city of Los Angeles, says the GOP argument is "based on a tortured reading of the Supreme Court's case."

Mr. Currey warned that Los Angeles is prepared to lead a legal challenge to the Bush decision and several county governments plan to become parties to the lawsuit.

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A BETTER "THIRD WAY"

Richard D. Kahlenberg and Ruy Teixeira
The Nation

The stalemate in the 2000 election is the latest evidence that the New Democrat "Third Way" vision for American politics is fundamentally flawed. It doesn't galvanize voters, it doesn't effectively unite the Democratic Party and it's easily co-opted by the Republicans (think George W. Bush's "compassionate conservatism"). Consider these important election results.

§ Gore won only 48 percent of the popular vote, giving the Democrats an average of just 47 percent over the past three elections.

§ Democrats failed to retake the House once again. The Republicans now control it by nine seats, while before the 1992 election the Democrats controlled the House by 100 seats. At that point, the Democrats also controlled the Senate by fourteen seats, while the Senate is now evenly split.

§ Outside their base (blacks, Hispanics, union households), the Democrats continue to lose badly among mid- to downscale voters. For example, Gore lost white voters with incomes under \$75,000 by thirteen points and non-college-educated whites by seventeen points.

§ The Democrats have had some success with certain upscale voters—for example, Gore carried white women with a postgraduate education by twenty-two points. But that's no more than 5 percent of voters.

These results are striking because the New Democrats' original political plan was to gain a clear electoral majority by appealing to Reagan Democrats—white working-class voters who had soured on the Democratic Party. Now they lionize soccer moms, wired workers and other upscale voters and seem to ignore the less affluent voters they expressed such interest in in the 1980s. This shift is well documented in their own writings. For example, in 1989 the Democratic Leadership Council published the seminal New Democrat study, *The Politics of Evasion*. This treatise was replete with respectful references to the "white working class," the "lower middle class" and "middle income voters." In contrast, the DLC's 1998 document, *Blueprint: The Next Politics*, is rife with laudatory references to a rising, affluent "learning class" and an expanding "upper middle class." This mantra about affluent learning-class voters was repeated by DLC chief Al From at a January 24 forum in Washington that sparked clashes between Democratic centrists and progressives over the direction the party should take. Considering that the income distribution, according to the Census Bureau, has improved only modestly since *The Politics of Evasion* came out, it's hard not to read a fair amount of significance into this shift in emphasis.

There's also been a big shift in the kinds of policies favored by New Democrats. Ideas endorsed in the early 1990s—reflecting their heavy involvement in Clinton's successful presidential candidacy—included promoting economic security, providing universal health coverage, increasing public investment and fighting inequality. Current DLC documents call for privatizing Social Security, introducing Medicare vouchers, eliminating the national debt (greatly reducing funds available for public investment) and unleashing a new economy that has, so far, shown itself more capable of enriching a new crop of Internet billionaires than of substantially reducing inequality.

In adopting this stance, New Democrats seem oddly similar to New Politics activists of the early 1970s, who were likewise unconcerned with white working-class voters and solicitous toward liberal elements of the upper middle class. The big difference is that this segment of the upper middle class is no longer economically liberal and appears mostly interested in fending off socially intolerant conservatism. For example, data from a postelection poll conducted by Greenberg Quinlan Research for the Campaign for America's Future indicate that affluent white liberals in the 2000 election were motivated more by the desire to safeguard a woman's right to choose and to receive middle-class tax cuts than by investing in education and protecting Social Security. In 1989 New Democrats expressed concerns about the "shrinking influence of lower-middle-class Democrats and the concomitant rise of higher socioeconomic-status Democrats who hold liberal views on social issues" but shunned issues of economic inequality. Over the past decade, those New Democrats have not only failed to find solutions to the problems posed by the party's wealth gap, they have, ironically, adopted many positions they earlier lamented.

Clearly, it's time to rethink the Third Way. While many of President Clinton's political accommodations were probably necessary, he is fundamentally a transitional figure. It is time for a New Liberal philosophy to supersede not only Old Liberal approaches but those of New Democrats as well. This New Liberal approach would share the orthodox Third Way premise—that traditional liberal and conservative approaches are wanting—but would offer a dramatically different program aimed at seriously addressing fundamental problems of social justice and economic inequality. Such is the payoff, after all, that the Third Way movement was meant to make possible.

Both of us agree with some of the New Democrats' original critique of liberalism. In the early 1990s Teixeira worked for the Progressive Policy Institute and Kahlenberg worked for Virginia Senator Chuck Robb, one of the original New Democrats. Third Way advocates not only helped restore the credibility of progressives on crime and national defense, they have put progressives in better sync with the values of average Americans through their emphasis on work over welfare and equality of opportunity over equality of result.

This had the salutary effect of defanging the conservative critique of "amoral, big-government liberalism." But none of this justifies New Democrats' support for a needlessly draconian welfare reform bill that failed to guarantee jobs or for an increasingly repressive and ineffective "drug war." Moreover, on central economic issues, Third Way proponents have always tended to ally themselves closely with powerful business interests and have increasingly downplayed the traditional progressive concern for the underdog (or even the "middledog"). We take issue with New Democrats' contention that "outdated appeals to class grievance and attacks on corporate perfidy only alienate new constituencies and ring increasingly hollow to the modern work force." And we believe that the emphasis on fiscal responsibility, while a reasonable part of the progressive program, has been taken to an extreme.

Indeed, today progressives are not united behind the need for major new initiatives to promote greater equality. Faced with a surplus unimagined just a few years ago, many have embraced policies heavy on debt reduction and light on investment in enterprises like education. A New Liberal approach would be quite different.

First, we believe that the New Liberalism, unlike New Democrats, would recognize that "you get what you pay for." There's just no way the common problems of middle- to low-income voters can be adequately addressed in this country when such an overwhelming priority is put on paying down the national debt.

Take the issue of education, generally the number-one concern of voters in the country today. Families want to be

assured that their children receive a quality education, even as they worry about the financial and time pressures involved in juggling children, school and work. New Liberals would therefore advocate a substantial expansion of federal investment in education, including: (1) a major teacher pay increase, to address the need to attract talented men and women; (2) the support necessary to open schools early, keep them open into the evening and make them available during the summer; (3) universal access to preschool, including fully funding Head Start; and (4) a generous income-contingent college loan program, where students' repayments are pegged to their actual earnings after they leave school, to make college education a reasonable option for many who now see the associated debt burden as too high. Combined with needed educational reforms like public-school choice, outlined below, these major investment initiatives would go a long way toward both improving access to good education and easing pressure on working parents.

Second, we believe the New Liberalism would be strongly committed to growing the new economy, but also to rectifying inequality and equipping everyone to prosper in this rapidly changing environment. Fast growth is a necessary, but not sufficient, condition for the kind of improvements working families need. For example, New Liberals would be committed to expanding world trade but also to underpinning that trade with reasonable labor and environmental standards. And New Liberals would recognize the need to temper the process of globalization with strong provisions to stabilize the world financial system and promote balanced development in poorer countries. At home, New Liberals would support substantial increases in the minimum wage to soften the sharpest edges of inequality. And major campaign finance reform is an essential ingredient of insuring that politicians spend less time on cutting estate taxes and more on the needs of average voters.

Third, we believe the New Liberalism would emphasize universal programs that disproportionately benefit those of middle to low income and education, across all races, rather than race-based programs. We take our cue from Robert Kennedy's belief that "poverty is closer to the root of the problem than color," and that "we have to convince [blacks] and poor whites that they have common interests."

Such a universalist stance obviously includes preserving Medicare and Social Security, as the Democrats emphasized in the 2000 campaign. But, while defending social insurance must remain a bedrock commitment of Democrats and progressives, it is difficult to argue that it constitutes a convincing approach to the unfolding problems of the new economy. For many working families, the Democratic program may have failed to excite for precisely this reason. New Liberals advocate a more forward-looking approach that focuses on the new economy in critical areas like education, training, childcare, work-family stress, scientific research and, of course, universal health and pension coverage. Taking universalism seriously, New Liberals would also offer fresh approaches in contentious areas that have fractured the progressive coalition, sundering blacks from whites and organized from unorganized workers. For example, New Liberals would seek to apply civil rights principles to poor and working-class people of all races in at least three areas: affirmative action, school desegregation and union organizing.

First, affirmative action should be redefined to provide a leg up to economically disadvantaged people of all races. In the legal and political warfare over affirmative action in university admissions and elsewhere, Old Liberals emphasize ends (we don't want universities and the professional work force to be all white), while New Democrats and conservatives emphasize means (we don't want skin color to determine who gets ahead in society). New Liberals seek to reconcile fair means and desirable ends by providing a leg up based on disadvantage itself, looking at economic status directly rather than race as a crude proxy. When conservative critics of affirmative action ask why it is fair for Vernon Jordan's kids to get a preference over the daughter of a white welfare mother, they unwittingly underline a profoundly progressive message: Class matters. Rather than awarding points on the basis of race, or simply judging candidates on test scores and grades, class-based affirmative action seeks to evaluate a candidate's record in light of obstacles overcome, as a better measure of true merit and potential.

Because class-based affirmative action is fundamentally fair, polls find that it is much more popular than the race-based system. For example, in a December 1997 New York Times/CBS poll Americans rejected racial preferences 52-35 percent but favored replacing such policies with preferences for the poor 53-37 percent. Moreover, where race-based preferences divide the interests of working-class whites and blacks in an unmistakable way, class-based preferences unite these groups in a way that will immeasurably enhance the fight for a fairer society in other areas.

Second, school integration should be redefined with a focus on economic status, so that every child in America has the right to choose to attend a middle-class public school. Today the courts have eviscerated the promise of *Brown v. Board of Education*, and even voluntary racial integration plans are being struck down. Old Liberals and some New Democrats have been reduced to good but small education ideas-school uniforms, reduced class size, etc.-none of which address the fountainhead of school inequality: the inevitable difference in quality between poor and wealthy schools. Meanwhile, the right and some other New Democrats have pushed a scheme for privatizing education that most careful observers believe will further segregate the schools, by class and race, since the "choice" that conservatives talk about ultimately rests with private schools rather than with students.

It's time for a big idea in education, in which all American children are given the right to attend a public school in which the majority of students come from middle-class households. Ironically, conservative voucher advocates, by emphasizing the basic unfairness of assigning poor kids to bad local schools, have implicitly recognized that

neighborhood schools can be a source of great unfairness for poor people. Instead of giving poor kids vouchers to unaccountable private schools, poor children should, in this middle-class country, be given the right to choose to attend middle-class public schools. Marrying two popular American ideas, choice and public education, economic school integration can help make good on our longstanding promise that public education should be an engine for social mobility.

How can economic school integration be achieved? Busing is a nonstarter. Far better is a mechanism known as "controlled choice," devised by Charles Willie of Harvard and Michael Alves of Brown. Parents in a given community are polled to find out what sort of school themes and pedagogical approaches they find attractive for their children (for example, a computer science theme in one school or a Montessori approach in another). All schools in the area are magnetized to reflect the community's interests, and families are given an opportunity to rank preferences among the various public school offerings. Officials then honor choices with an eye to promoting integration.

In places like Cambridge, Massachusetts, and Montclair, New Jersey, controlled choice has long been used to balance racial populations, but the structure can easily be used to balance schools by income as well, using eligibility for subsidized school lunches as a measure. This new emphasis on students' economic status-favored by communities like La Crosse, Wisconsin, Manchester, Connecticut, and Wake County (Raleigh), North Carolina-is at the cutting edge of school integration. It offers a way to address the separation of poor and middle-class children and will indirectly promote racial integration in a manner that's perfectly legal. Economic integration is easiest to implement within school district lines, but city-suburban transfer programs in Hartford, Boston, St. Louis and elsewhere provide models for interdistrict integration.

Third, the right to organize and join a labor union should be reconceptualized as a civil right, so that employers are genuinely punished if they try to fire someone for organizing activity. One of the major explanations for America's weak labor movement is the relative ease with which employers may fire employees who are engaged in union organizing. Under existing labor law, it is technically illegal to fire employees for trying to organize, but the sanctions are mild (reinstatement and back pay, usually three to four years down the line). Many employers determine that it is considerably less expensive to pay sanctions for wrongfully terminating employees than to permit the organization of a labor union.

Old Liberals have put little emphasis on discrimination against workers engaged in union organizing, focusing primarily on race and gender discrimination. New Democrats and conservatives have often been at war with labor. The New Liberal approach would strengthen the protections against termination by transferring jurisdiction over such issues from labor law to employment discrimination law. Specifically, Congress could amend the termination provisions of Title VII of the 1964 Civil Rights Act (which today in practice protect women, people of color, the elderly and the disabled) to extend protection to workers trying to form a union. Title VII remedies are considerably stronger than protections contained in labor law and now include the possibility of punitive as well as compensatory damages.

There is also an important political advantage to thinking about union organizing as a civil right. Labor unions are not particularly popular, and as long as the issue is framed as "labor law reform" it is unlikely to move people. But if the issue is reframed in terms of civil rights-and we get beyond the question of whether people are for labor unions or against-most Americans will support the notion that an employee shouldn't be fired for a reason completely unrelated to job performance.

By taking issues of class seriously, these New Liberal ideas fill a gap left by Old Liberals, who emphasize race and gender inequality, and by conservatives (including some New Democrats), who try to downplay issues of inequality of any kind. At the same time, these ideas address economic inequality in a very American, market-oriented way that accepts competitive labor markets and meritocracy-in contrast to many traditional leftists-but tries, at long last, to make them truly fair and just.

The 2000 campaign suggests such an approach can work. When Al Gore briefly experimented with economic populism in his Democratic convention speech, he eliminated George W. Bush's double-digit advantage and surged into the lead. Had Gore been bolder on issues like education, as New Liberals advocate, he could have prevented Bush from climbing back into the race by effectively blurring issue differences and shifting the political conversation to concerns such as trust, likability and the moral failings of the Clinton Administration. Indeed, if Gore had had a stronger advantage on the education issue, he'd probably be President today.

American politics is ready for something exciting. The Third Way, as it is narrowly defined by the New Democrats, doesn't fit the bill. Worse, it can't possibly develop a strong progressive majority, since it consistently ignores or downplays the interests of the working class and moderate income voters on whom such a majority would depend. A coalition of minorities, unions and socially liberal, economically conservative upper-middle-class voters just won't cut it-either as politics or in terms of making this country live up to its potential.

A New Liberal approach, one that marries the New Democrats' effort to honor American values on social issues with the Old Liberal commitment to economic equality and justice, would be a more impassioned and productive way to approach today's problems-and more likely to build a majority coalition for economic justice over the long haul.

America needs "big ideas" like the ones we've described, not a Third Way whose only real virtue is what it isn't. We can do better-much better-than that.

THE PERILS OF CIVILITY

by Paul Rogat Loeb
Christian Science Monitor

SEATTLE - Imagine Martin Luther King Jr. proclaiming, "Let civility roll down like waters, and politeness like a mighty stream."

This, alas, would be how we'd remember King's speeches if they'd been written by our current Democratic senators.

It's been painful to watch the Democrats roll over and play dead for George W. Bush since his coronation. They don't seem to realize that they can stand firm without reenacting Newt Gingrich's scorched-earth destructiveness. They might do well to remember (or learn) some basic lessons of nonviolence: When facing a bully, you don't have to demonize. You can speak to your opponents' core humanity, and even at times work together. But you don't have to give your cooperation just because they tell you to do something. And you have to honestly challenge actions you oppose.

It may seem odd to compare our Senate millionaires to civil rights freedom riders, the massed citizens who brought down illegitimate governments in Serbia and the Philippines, or the Seattle protesters against the World Trade Organization. But if the next four years are going to bring anything but a continual rollback of gains that took decades to achieve, Democrats are going to have to learn to draw the line.

They don't have to go to jail. They don't have to sit in, block streets, or be beaten by police. Unlike the rest of us, they don't have to march, write letters, and organize to be heard, although the more they reach out to their engaged constituents, the stronger they will be. They merely have to use a power that they already have, the filibuster in the Senate, to stop any of Mr. Bush's actions that will damage our common future.

Why did the Democrats cave and refuse to block the nomination of John Ashcroft for attorney general? They wanted to be bipartisan and work together. They deferred to Bush's presidential prerogatives, and to the collegiality of the Senate.

Missouri Democrat Sen. Jean Carnahan had asked them not to filibuster, since Ashcroft didn't challenge her appointment to her dead husband's Senate seat. Wisconsin Democrat Russ Feingold refused even to vote against Ashcroft, because he needs colleagues across the aisle to pass campaign finance reform. They wanted their politics to be civil, not a permanent state of war.

Civility has its place, in politics and in general. But it's what Italian essayist Natalia Ginsburg has called a "little virtue," not a great one. As Mr. King made clear, civility must be subordinate to the larger goal of justice.

Learning from King, it's far better to spell out the destructiveness of Bush's policies than to call him "dumb." King respected the core humanity of even the worst segregationists, but held them responsible for their choices. It's both politically and morally wiser to focus on whether our leaders create a more or less equitable society than to create slash-and-burn campaigns against their character. But it's not a gratuitous personal attack, just being honest about Ashcroft's past, to point out that he blocked efforts to boost voter registration in inner-city St. Louis, blocked school desegregation until forced to back down by a judge, and gave a fawning interview to a neo-Confederate magazine, *Southern Partisan*.

Likewise, the Democrats have an obligation to point out that Bush's tax plan will overwhelmingly benefit that tiny minority of Americans who already control far more wealth than all the rest of us combined. Justice demands accountability.

Pleas for bipartisan collegiality don't excuse cooperation with truly dubious actions, especially since this is no normal presidency. Bush lost the popular vote, we need to remind ourselves, by 540,000 votes. He was handed a victory when Supreme Court Justice Antonin Scalia and his cohorts abandoned their own long-proclaimed principles of states' rights to block the reexamination of contested and discarded ballots. When Justice Scalia cynically used the rhetoric of equal protection to hand Bush the victory, it mocked the thousands of African-American registered voters who talked of their ballots being tossed or of being turned away from the Florida polls.

The Democrats can bury this history, as they mostly have so far. Or they can use it to refute any notion that Bush has a mandate. Every time he talks about fulfilling his campaign promises, they can remind him, straightforwardly, that a majority of Americans rejected his path. But they need to do more than hold out their bowls, like Dickens's orphans pleading for gruel, hoping for a few morsels of bipartisan decency.

They might remember that social progress can roll backward as well as forward. And that the last election where the popular loser was enshrined, that of Rutherford B. Hayes, brought about nearly a century of racial subordination by

ending Reconstruction and ushering in Jim Crow. In fact, the current Republican base is inseparable from the legacy of that retreat.

In the wake of his Ashcroft victory, Bush is now pushing a series of highly regressive proposals, from his tax cut to drilling for oil in the Arctic National Wildlife Refuge. He's already banned aid to international family planning agencies that even mention abortion. Defense Secretary Donald Rumsfeld's missile defense system risks a quarter century of arms treaties to give pork to Boeing and Lockheed Martin.

Had the Democrats blocked Ashcroft, they'd have sent a signal that this presidency is different, that they will insist their concerns be heeded and respected, not just condescended to with sentimental rhetoric. They'd have made clear that certain reversals of justice will not be permitted, and that if Bush wants to make his mark on history, he must address the concerns of the majority of Americans who opposed him.

Instead, the Democrats face the next round of destructive proposals with less strength and momentum, having angered and frustrated their core supporters, and with the fundamental questions about Bush's legitimacy further buried.

Eventually, as the Republicans continue to push, I hope the Democrats will discover some lessons about nonviolent perseverance and finally block some of the most dangerous proposals - either by convincing a few moderate Republicans to cross over, or by using the filibuster. The sooner they can do this, the sooner they can begin to reclaim their power to head this country down wiser paths.

THOUGH IT'S OFTEN BASHED, LIBERALISM'S DAY HAS NOT QUITE PASSED

by Evan L. Balkan
Baltimore Sun

DURING THE recent debate over the confirmation of John Ashcroft for attorney general, several loud voices of dissent led the 42 mostly silent Democratic senators who opposed him. Senators Ted Kennedy of Massachusetts and Paul Wellstone of Minnesota led the opposition.

Their opinions have been labeled "disgusting" by Sen. Orrin Hatch, R-Utah, and "divisive and distorting" by Senate Majority Leader Trent Lott. Other leaders in Congress have condemned the opposing senators as falling prey to a "liberal agenda" and a "left-wing conspiracy."

An interesting thing has happened in the last two decades. The word "liberal" has become a pejorative one. Often linked with the term "bleeding-heart," it connotes one who is naive and deluded at best, downright stupid at worst.

Liberalism has gotten beaten up so badly over the years that many left-leaning people consider themselves "closet liberals," bowing under public pressure to exit their utopian dream world. The time has come for a reassessment of what being a liberal really means.

The word liberal means generous and giving. Liberalism, therefore, involves a certain sense of equity and a desire for the fair parceling out of the public's goods. So long as people go to bed starving, and without a home in this, the world's most prosperous country, there will always be a need for liberalism. There will always be a need for people to stand up and point out that the system under which we live must not always favor the haves at the cost of the have-nots.

Unfortunately, the place for these type of people in the public discourse has virtually disappeared. People like Jesse Jackson and Ralph Nader -- men with lifetimes of accomplishments in the name of the public good -- are mocked and ridiculed.

The mainstream liberals of the 1960s and 1970s have gone the way of the dinosaur. But sadly, with them goes a certain idealistic optimism that pictures the future as a better place.

When war erupts, the liberal who opposes it is called unpatriotic, even if his stance derives from the patriotic opposition to American casualties. When intolerance toward a person's race, ethnicity, sexual orientation, or gender flares up, the liberal's opposition earns him the distinction of being opposed to "traditional family values" instead of a champion of tolerance.

The prudent path, then, becomes one of abandonment of liberalism toward a more conservative shift. But it doesn't have to be this way. The time is ripe for the liberal to reclaim his place in the public discourse and plant himself once again under the battered flag that so many before him flew proudly.

Without the liberals, the civil rights movement would have been much delayed.

Without the liberals, the ill-advised war in Vietnam that tore this country apart would have probably continued indefinitely.

Without the liberals, common- sense protections for people that we now take for granted would scarcely have seen the light of day.

This does not mean that the liberals' day has passed. Quite the contrary, there are still problems in our society that do not need to be there.

Without the vocal reminders of the problems of unfairness and intolerance that plague us, they will continue unchecked. Though liberalism has fallen out of the mainstream, it need not die.

In the final analysis, the liberal person does what he does only through a deep-seated belief that we, as a nation and as a society, can be better.

The old liberal guard is aging, and we increasingly see that good people who tried very hard to give their communities the best of themselves have been chased into the shadows. But during these prosperous and peaceful times, we should be reminded that liberalism, far from being a silly, idealistic dream, can deliver on the promise to make us all a little better.