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NEWS UPDATE - February 26, 2001

In the News…

- *TAXES – THE RICH GET RICHER, WHILE PAYING LESS AND LESS IN TAXES:* The New York Times reports that according to IRS data provided to a Republican member of Congress, "the richest Americans are paying a declining share of their incomes in taxes, even as their incomes grow more rapidly than everyone else's." The same group paying a lower and lower amount in taxes would receive the lion's share of benefits from President Bush's tax-giveaway-to-the-rich plan.
- *POLITICS - DOES THIS EXPLAIN WHY HE DOESN'T WANT TO TALK ABOUT 'RICH AND POOR?':* The New York Times reports that Treasury Secretary Paul O'Neill, who recently said he "thinks it is really corrosive to have this argument about the rich and the poor" made $56 million last year alone, begging the question – why does he really think this?
- *PRESCRIPTION DRUGS - GOP PLAN GETS RIPPED APART:* The Washington Post reports that "President Bush's plan to help poor, elderly Americans pay for medicine is drawing skepticism across the country, as state health officials, legislators and policy experts say his effort to fill a significant gap in the nation's health care system could prove ineffective."
- *SOCIAL SECURITY – BUSH'S PUSH TO PRIVATIZE:* The Wall Street Journal reports "The Bush administration's proposal to create a reserve of more than $1 trillion over 10 years could give a big boost to Social Security privatization."
- *CORPORATE WELFARE – BUSH CONTINUES TO SAY HE WILL CUT CORPORATE FAT FROM FEDERAL BUDGET:* The Washington Post reports that the Bush Administration and those against corporate welfare might find common ground in slicing wasteful subsidies. Bush's budget director Mitch Daniels said on Fox News that "There will definitely be some restraint and even some, yes, cuts in terms of government's involvement and subsidy of corporations through research that they could do on their own, through subsidized loans and investments for products they ought to be building on their own."
- *POLITICS – REALLY, IT'S NOT AS BAD AS IT LOOKS, OK?:* Roll Call reports that Brad Card, brother of new White House Chief of Staff Andrew Card, is joining one of the most powerful lobbying firms in Washington, the Dutko Group, which lobbies for corporate giants such as AT&T, FedEx, and Sprint.
- *LABOR – RESTAURANT WORKERS SEEK HELP IN UNIONIZING IN NEW YORK:* The New York Times reports that low-paid restaurant workers at the Metropolitan Opera are seeking the opera's help in unionizing.
- *MEDIA – FOX NEWS: THEY DISTORT, THEY DECIDE:* The Nation explores the intricate structure of Fox News and how it is used as a conduit to promote the agenda of its openly right wing owner Rupert Murdoch.

From the Editorial Pages…

- *THE NEW YORK TIMES* gives different leaders the chance to say how the Democratic Party must change to regain a winning message. As Robert Reich says, "The Democratic establishment in Washington is no longer connected to the grass roots. The national party is nothing but a fund-raising machine. The DLC is distinguished mostly by its opposition to organized labor." In response, DLC president Al From spews flowery language devoid of any meaning. As he says, "As long as Democrats stick to the New Democrat formula that produced that progress — furthering our party's first principles by modern means to tackle America's new challenges — we'll retain the confidence of the American people." What confidence? If he didn't realize, Democrats have failed in 4 tries to win the majority.
- *THE NEW YORK TIMES* writes that in the fight to get AIDS drugs to Africa, the Bush Administration must act aggressively against the pharmaceutical industry. But, as the article notes, "The pharmaceutical industry, whose donations favor Republicans, is likely to be even more influential with this president than it was with Bill Clinton."
- *THE WASHINGTON POST* writes that with Bush set to announce his budget goals tomorrow, his tax plan shows that he is not serious about addressing pressing problems for the vast majority of Americans. As the editorial states, "the Bush proposal gives 30 percent of the benefits to the top one percent of earners; one of his plan's most expensive elements is the egregious proposal to abolish the inheritance tax, a move that would benefit only the heirs to the biggest 2 percent of estates. Mr. Bush said on Thursday that his plan 'addresses the concerns of working Americans.' Hardly."
- *SEBASTIAN MALLABY* writes in the Washington Post that "people have complained that nongovernmental organizations (NGOs) want nothing less than to block globalization. This understates their real ambition grievously. The NGOs that really count don't want to block globalization at all. They want to control it."

Quote of the Day…

"The Dutko Group does not need me to get into the White House."

– *Brad Card, brother of WH Chief of Staff Andrew Card, about how his new corporate lobbying firm is tied to Bush (Roll Call, 2/25)*

"Congressional Democrats who flock to the vacuous 'center' of a rightward-creeping agenda lack the courage of any strong conviction."

- Former Labor Secretary Robert Reich on the future of the Democratic Party (NY Times, 2/24)

In the News on February 26, 2001

WEALTHIEST PAY DECLINING SHARE OF THEIR INCOMES IN TAXES

New York Times
http://www.nytimes.com/2001/02/26/business/26RICH.html

The richest Americans are paying a declining share of their incomes in taxes, even as their incomes grow more rapidly than everyone else's, according to data that the Internal Revenue Service gave a Republican member of Congress.

The 1998 incomes, after taxes, of the top 1 percent of taxpayers increased at more than three times the rate of the bottom 90 percent, according to an analysis of this data by the Center on Budget and Policy Priorities, a nonprofit research organization in Washington that seeks to advance the interests of the poor.

Over a longer period, from 1989 to 1998, the incomes of the richest 1 percent, adjusted for inflation, grew about eight times as fast. But the share of their income they paid in federal taxes in 1998 was at its lowest level since 1992, the year before Congress added two higher tax brackets that apply only to top earners.

This group, whose 1998 gross income averaged $816,189, paid 27.1 cents of each dollar earned in federal income taxes, down from 27.9 cents in 1997 and 28.9 cents in 1996.

These figures come from data the I.R.S. gave to Representative Jim Saxton, a New Jersey Republican and chairman of the Congressional Joint Economic Committee.

For the other 99 percent of Americans, the share of income going to taxes was nearly unchanged, at 11.5 percent of income in 1998 and 1996 and 11.7 percent in 1997.

Christopher Frenze, the committee executive director, said the declining average tax rate for the top 1 percent reflected the booming stock market, and the reduction in long- term capital gains tax rates that began in 1997. The top rate is now 20 percent, down from 28 percent in 1996.

About a third of all long-term capital gains taxes are paid by fewer than 13,000 taxpayers each year.

With data available only through 1998, it was unclear whether the income gains and tax savings for the wealthy have continued during the stock market's recent retreat.

Opponents of President Bush's proposed $1.6 trillion tax cut say that most of the breaks would go to the rich. Mr. Bush has said that the benefits would be widely distributed.

In a report to be issued today, the Center on Budget and Policy Priorities says that Mr. Bush's plan will further increase the share of after-tax income going to the wealthy. That is because the top 1 percent would get 40 percent of the tax breaks, more than their 18.5 percent share of income taxes paid.

"It is extremely interesting that the largest income gains were among the portion of the population whose marginal tax rates were raised in the 1990's," said Isaac Shapiro, a policy analyst at the center. "This suggests that higher marginal tax rates have not been a barrier to economic activity and risk-taking activity within this group."

Backers of Mr. Bush's plan say that high marginal tax rates reduce wealth creation by discouraging investment, an effect that has serious long-term economic consequences.

The center's analysis showed that the top 1 percent of taxpayers had an average after-tax income of $594,814 in 1998, up $69,000, or 13.1 percent, over 1997. The bottom 90 percent — everyone who made less than $83,220 in 1998 — saw their average income rise by $984 from 1997, just 3.9 percent.

From 1989 to 1998 the incomes of the top 1 percent, adjusted for inflation, grew by 40.4 percent, nearly eight times the 5.2 percent increase of the bottom 90 percent.

As a result, the top 1 percent earned 15.7 cents of every dollar of personal income in 1998, up from 14.7 cents in 1997 and 12.5 cents in 1989, the I.R.S. data show. Those near the top — on the 90th through 99th rungs of the income ladder — saw their incomes rise at less than half the rate of the top 1 percent from 1989 through 1998, yet their tax burden increased by a percentage point.

ALCOA SAYS O'NEILL MADE $56 MILLION

New York Times
http://www.nytimes.com/2001/02/26/business/26ALCO.html

Public service will force Paul H. O'Neill to part with a couple of digits in salary.

Mr. O'Neill, the new treasury secretary, earned $56.4 million last year as chairman of Alcoa Inc., the Pittsburgh company that is the world's biggest aluminum producer.

Mr. O'Neill's 2000 compensation package was reported last week in Alcoa's proxy statement.

Mr. O'Neill, 65, resigned from Alcoa on Jan. 1. Last year, he received a base salary of $950,400 plus a special bonus of $2.2 million for meeting long-term incentives, and exercised stock options worth an estimated $53.2 million, according to the statement, which was filed with the Securities and Exchange Commission.

At the end of the year, he still owned more than 2 million shares worth about $80 million. He also held options valued at more than $11 million, according to the proxy statement.

It was not clear from the filing what Mr. O'Neill did with his shares or options this year, and he could not be reached yesterday.

"Cheney went out with more than a couple of bucks, but this easily tops Cheney," said Brian T. Foley, who runs an executive compensation consulting firm based in White Plains.

Vice President Dick Cheney, former chief executive of Halliburton, an oil services company, cashed in options and stock worth roughly $35 million last year.

Mr. O'Neill became chief executive of Alcoa in 1987 and is generally credited with turning around what had been a struggling industrial giant.

In 1999, his last as chief executive, Alcoa stock gained 126 percent and was the best performer among the companies in the Dow Jones industrial average.

During his tenure, Alcoa's revenue grew to $16.3 billion from $9.8 billion in 1988.

The company's market capitalization, or its entire stock market value, grew to $30.5 billion from $4 billion.

Last year, the company's stock fell 18 percent, but it has gained 4 percent this year.

BUSH'S PLAN FOR MEDICINE FACES DOUBTS

Washington Post
http://washingtonpost.com/wp-dyn/articles/A54626-2001Feb25.html

President Bush's plan to help poor, elderly Americans pay for medicine is drawing skepticism across the country, as state health officials, legislators and policy experts say his effort to fill a significant gap in the nation's health care system could prove ineffective and place an unfair burden on states.

The few states with large programs to subsidize prescription drugs would welcome the White House's approach, which would hand out about $48 billion through a temporary "block grant" over the next four years.

But officials in some states predict they could not use the subsidies as quickly, or reach as many people, as the White House expects. Others fear they could risk inheriting enormous drug expenses after the federal grants end. Still others disagree with the very premise of relying on states to offer drug benefits, saying that it defies a decades-old tradition in which providing health insurance for older Americans has been mainly a federal role.

Taken together, this concern from states amounts to a second layer of resistance to the new administration's thinking about how to make prescription drugs more affordable, coming on top of criticism the proposal has elicited from crucial members of Congress. Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), for example, has made clear he does not intend to use the president's plan as the basis for considering how to revise Medicare, the nation's insurance program for the elderly.

Confronted with such a response on Capitol Hill, administration officials have said they are eager to collaborate with Congress to adopt broad revisions to Medicare that include a prescription drug benefit. But in case those efforts stall, the White House has not abandoned starting with state grants. "It was a serious proposal," an adviser to Bush on health issues said.

As for the states' hesitancy, the adviser said that Bush's aides had consulted with states in drafting the plan, which initially was part of his presidential campaign platform. "I understand the reasons for the nervousness," said the adviser, who spoke on condition of anonymity, "but I think we are with them in terms of goals here."

The most concertedopposition to the president's approach has come from governors. Several months before Bush issued his plan in September, the National Governors' Association adopted a policy that says: "If Congress decides to expand prescription drug coverage to seniors, it should not shift that responsibility or its costs to the states."

It remains unclear whether the association will soften its stance now that one of its recent members occupies the White House and another, former Wisconsin governor Tommy G. Thompson, is the secretary of Health and Human Services.

But doubts plainly persist. "It just does not work to block-grant entitlements," such as government health benefits, said Russ Toal, commissioner of the Georgia Department of Community Health. "This is a federal responsibility."

Under the proposal Bush has named "An Immediate Helping Hand," the four-year grants program would stop earlier if the government adopts comprehensive Medicare reforms -- a task fraught with political and economic difficulties.

The help would not be available to all Medicare patients; it would go to those the administration says need assistance the most. The subsidies would cover the premium for drug coverage for people 65 and older who have incomes up to $11,600. The government also would pay part of the premium for those with incomes up to $15,000.

The plan also would pay the premiums for a limited group of older Americans, regardless of income, with exceptional drug expenses -- more than $6,000 a year.

Bush said during the campaign that his "helping hand" would cost $12 billion each year, but he included no price tag when he sent an outline of the plan to Congress his second week in office. The adviser said the cost would resemble the campaign estimates, but probably would increase each of the four years, as more people enrolled and drug costs rose.

The administration predicts that 9.5 million Americans would qualify for help. That would be about 10 times as many people as have enrolled in drug subsidy programs that 20 states have started. Most of those programs are quite small. Two-thirds of the participants live in just three states: New Jersey, Pennsylvania and New York, which began offering subsidies years ago and have had time to make elderly residents aware of them.

In the Washington area, only Maryland helps pay for medicine, through a limited program that covers drugs for certain medical conditions. The District and Virginia do not subsidize medicine. Nor does Bush's home state of Texas.

How much help Bush's proposal would offer states hinges largely on what they have -- or have not -- created until now, according to state officials and policy analysts.

The states with the biggest programs "would be in the position to gain the most," said Bruce Stuart, a professor at the University of Maryland's School of Pharmacy, who specializes in pharmaceuticals for the elderly.

"We could be off the ground very, very quickly," said Christine Grant, New Jersey's commissioner of health and senior services. She said the state could simply substitute the federal aid instead of its own, and probably would start to channel the state subsidies to elderly people with incomes higher than the federal rules would allow.

The federal money might not be used as readily in states in which such programs do not exist.

"Our concern is [Bush's plan] would benefit few, if any Californians," said Diana M. Bonta, director of the California Department of Health Services.

The reason, Bonta said, is that California recently has taken a different approach to making medicine more affordable for elderly residents.

Instead of a subsidy, as Bush envisions, California -- like several states -- requires pharmacies to sell Medicare patients prescription drugs at a discount. To begin using the block grant, Bonta said, would "take a lot of discussion from the legislature and the governor's office. . . . It takes time to put together the infrastructure."

The Children's Health Insurance Program (CHIP) created by Congress in 1997 offers a glimpse into how long it takes states to erect a new insurance program, even when Washington sends much of the money. Most states took a year or two to start, and the program still has not signed up about half of the uninsured children it was intended to reach.

"The minute you build it, they do not come," said Joan Henneberry, the governors association's director of health policy.

Such lag time, Henneberry said, would be particularly problematic with the prescription drug program, because it is designed to be short term. "By the time you . . . were actually reaching the eligible people, it could be over with," she said. "And that's a big investment for states to make for something that will only be temporary."

Some states are eager nonetheless, especially those that have chosen not to create their own drug subsidies in hopes that federal help would arrive. "We are certainly anxious to work with the president's proposal," said Debi Wells, health policy adviser to Arizona Gov. Jane Hull (R).

Administration officials believe it would be relatively easy for states to begin the program, because the federal government would pay the benefit. In this way it would be unlike CHIP or Medicaid, the public insurance program for the poor, which require states to share the expense.

States that are poor fear they still would be burdened with administrative expenses they could not afford -- even though the White House has said it would contribute toward those expenses.

In West Virginia, which has the largest proportion of elderly residents in the country, state legislators probably would balk at creating a program to use the federal money, predicted Sally Richardson, who used to run the Medicaid program federally and now is executive director of West Virginia University's Center for Health Care Policy and Research.

Even more prosperous states say they could not afford to continue the drug coverage after the grants from Washington stopped, if the federal government did not enact broader Medicare reforms by then.

"If the federal government would pass something, we would try to work with it," said Steve Foti (R), the Assembly majority leader in the Wisconsin legislature, which has been debating whether to create a prescription drug program.

The fact that Bush's plan would be temporary "obviously makes me a little bit nervous," Foti said. By then, the federal government might have adopted "a super plan out there that will be even bigger and better -- or there will be no plan."

Administration officials said such worries are unwarranted.

"This is an administration that has a lot of concern for not imposing undue burdens on states and . . . does not commit states to new responsibility without providing the resources," the adviser to Bush said. "I don't think there's any way this administration really would let the states be left holding the bag on this."

BUSH'S PLANNED RESERVE FUND MAY BOOST PRIVATE SOCIAL SECURITY ACCOUNT CHANCES

Wall Street Journal
http://interactive.wsj.com/articles/SB983138491312407 88.htm

WASHINGTON -- The Bush administration's proposal to create a reserve of more than $1 trillion over 10 years could give a big boost to Social Security privatization.

With such a reserve, Mr. Bush could argue that creating private Social Security accounts, funded by about two percentage points of each worker's payroll taxes, wouldn't undermine Social Security's finances. Bush officials said they don't plan to earmark the money, but that the most obvious use is for private accounts.

"It opens up some possibilities that weren't there," said Martin Corry, director of federal affairs at AARP, the retirees' group whose support would be critical for any change in Social Security. "It doesn't get them to home plate, but it does get them to first base."

The reserve, which the administration will include in the budget proposal it will send to Congress Wednesday, has other political pluses. By trying to wall off the funds, Mr. Bush hopes to restrain congressional attempts to increase spending or add to his tax cut.

Essentially, Mr. Bush is attempting a variation of the Clinton strategy that the federal government's top priority must be to "save Social Security first" -- and not to fund congressional favorites. The president also hopes such a large reserve will buy him time to develop plans for new military and agriculture spending and reforming Medicare, without specifying the amounts now.

Gene Sperling, former President Clinton's economic adviser who is with the Brookings Institution, a Washington think tank, in what is likely to be the first shot in a Democratic broadside, said the plan was "sloppy and misleading. It's a dramatic and irresponsible representation of the true and likely cost of their proposals."

Mr. Bush is expected to make Social Security a centerpiece of his budget speech to Congress Tuesday night. He also may announce the specifics of a new presidential panel that will be created to consider reforms of Social Security; he will wait for the panel's recommendations before endorsing any privatization plan.

Nevertheless, Bush advisers routinely refer to private accounts that are funded by two percentage points of payroll taxes. During the election campaign, his advisers said they would pay the 10-year, $900 billion cost of private accounts from Social Security payroll taxes. Vice President Gore sharply criticized Mr. Bush at the time for plans Mr. Gore believed would endanger the projected budget surplus -- a concern that resonated with the public, according to polls.

This time, Mr. Bush looks to be financing the cost from a combination of Social Security funds and general revenue.

The complexity of the financing for the Bush proposal is bound to draw critics, as is the plan to use Social Security funds for anything other than debt reduction, which will be portrayed as busting open the Social Security trust fund. "I'm very skeptical," says Rep. Charles Stenholm, a Texas Democrat who backs Social Security privatization. He says he doubts there will be sufficient revenue to pay for both Mr. Bush's tax cut and private Social Security accounts.

Moreover, the reserve could be criticized as a kind of slush fund that the administration could use to justify a number of priorities.

"It allows one to have a long list of priorities which could be supported by the reserve," said former Congressional Budget Office Director Robert Reischauer, "But it's possibly not enough for all his priorities or the priorities Congress would have."

The additional money comes from revised projections of economic growth and from a recognition that the federal government can essentially pay off its debt within the decade, while still running huge budget surpluses. During the campaign, Mr. Bush calculated his proposals would fit within the CBO's 10-year surplus estimate of $4.6 trillion. CBO added an additional $1 trillion to its surplus estimate last month, and Mr. Bush's budget estimators are expected to add at least that much again.

BUSH SEEKS GOVERNORS' AID IN EXPECTED BUDGET BATTLE

Washington Post
http://www.washingtonpost.com/wp-dyn/articles/A54443-2001Feb25.html

Offering a glimpse of the trade-offs that will come with President Bush's budget, administration officials revealed yesterday that some corporate subsidies will be cut and said duplicative programs for the homeless face trimming.
White House Chief of Staff Andrew H. Card Jr. told the opening session of a National Governors' Association meeting in Washington that Bush's budget "brings to the federal government a discipline that it sorely needs." Cabinet members promised the governors access and flexibility, and urged them to lobby Congress for the president's budget and tax cut.
"Yes, there will be people that will be able to find programs that they think are underfunded or overfunded," Card said. "But the budget does reflect the priorities of America. And when you find that line item that you don't like, step back and take a look at the budget that you do like."

Bush will detail his budget strategy while addressing a joint session of Congress at 9 p.m. Tuesday. The next day, he will submit a blueprint that he has said will "restrain spending, yet meet growing needs with a reasonable 4 percent growth rate." That is a bit more than inflation but less than the growth rate of 8 percent last year and an average of 6 percent over the past three years.

Bush has repeatedly pointed out that in most cases, he will propose not cuts to programs but a slower growth rate. Bush's senior adviser, Karl Rove, said on CBS's "Face the Nation" that the president will offer "a reasonable, prudent, responsible budget that, first of all, starts by funding priorities, by making decisions about what ought to get bigger increases and what ought to get lesser increases."

Appearing on two talk shows, Mitchell E. Daniels Jr., director of the Office of Management and Budget, said recent budgets had indulged "an unsustainable rate of growth." He predicted "a good, honest debate" over the value of programs that may have been a good idea but have become unaffordable or unnecessary.

"There were dozens of them created just in the last two years," Daniels said on "Fox News Sunday." "Although these are very young weeds, they're going to grow very rapidly if they're not carefully examined."

Asked for details on what will be cut to pay for the first installment of Bush's 10-year, $1.6 trillion tax cut, Daniels joked on Fox, "I don't want to spoil the fun of Tuesday night and Wednesday."

But he gave a few examples. He said on CNN's "Late Edition" that in looking for savings, the administration "will start with programs" that are duplicative.

"We have 50 programs for the homeless sprawling across eight departments," he said. "Those are not particularly the ones I'm looking at here, but we have to be careful with duplication of that kind. There are programs which have outlived their usefulness or even completed their mission."

On Fox, he said: "We started a program decades ago to bring telephones to rural America. It's still there, although everybody's got a telephone. You know, where I'm from, when winter comes, we quit cutting the grass."

Daniels added on Fox: "There will definitely be some restraint and even some, yes, cuts in terms of government's involvement and subsidy of corporations through research that they could do on their own, through subsidized loans and investments for products they ought to be building on their own."

He said subsidies by the Export-Import Bank of the United States -- a government agency that helps finance the sale of U.S. exports to emerging markets -- "could be" included.

Daniels was a senior vice president at Eli Lilly and Co., the pharmaceutical giant, when Bush designated him to head the OMB. Daniels said on Fox that a research and development tax credit that benefits the industry will not be cut but is "due to be extended."

Anticipating a major debate on his domestic policy agenda after Tuesday's address, Bush sought to enlist the governors as allies in the budgetary battles ahead. He scheduled hours of discussion with them this morning, after last night's state dinner with governors and their spouses. Bush also sent almost the entire domestic Cabinet to meet with governors during their three-day session.

Health and Human Services Secretary Tommy G. Thompson, the former governor of Wisconsin, pledged to speed up the process of granting states waivers from detailed federal regulations. "You will no longer have to wait months or years to get action on waiver requests," Thompson said. "I may approve them personally if they're taking too long."

Education Secretary Roderick R. Paige said the annual testing of students in grades 3 through 8 that is at the heart of Bush's education reform package would not require governors to scrap existing tests or pick up the cost of new exams. "We won't leave that burden on the states alone," Paige said.

Maryland Gov. Parris N. Glendening (D), this year's chairman of the Republican-dominated organization, sounded a bipartisan note. He said the NGA is united behind the administration's promise of more state flexibility in spending federal dollars on health and education, in return for greater accountability for results.

Thompson, known among colleagues for his candor, said that when he joined the Bush administration he expected to take orders from the former Texas governor. "But the general is OMB, where all power comes from," he said.

Thompson, like other Cabinet members, has been battling the Office of Management and Budget over spending ceilings Bush has imposed in most agencies except the Department of Education, in order to finance his school improvement plan and tax cut.

Former New Jersey governor Christine Todd Whitman, now administrator of the Environmental Protection Agency, committed herself to protecting the environment "while recognizing that you know how to solve your problems better than the bureaucrats do."

Thompson was more specific. He announced a 60-day delay in a set of last-minute Clinton administration regulations on the federal-state Medicaid program and the children's health insurance program. Governors have complained that Medicaid costs are surging out of control and are asking for more flexibility in handling Medicaid managed care.
He also announced that every state could receive a $50,000 planning grant for aiding elderly and disabled people in community settings, and was cheered when he said, "There is no matching requirement, and the application form is one page."

CALLING CARD

Roll Call
http://www.rollcall.com/pages/columns/hoh/

White House Chief of Staff Andrew Card's brother is vowing that his family will not experience a Hugh Rodham-type scandal.

Brad Card, chief of staff to Rep. John Sweeney (R-N.Y.), revealed to HOH that he's leaving the Hill to become a lobbyist for the Dutko Group, a bipartisan D.C. shop.

But the younger Card will not be calling his brother on behalf of Dutko's clients, which include AT&T, FedEx and Sprint.

"I'm not going to lobby my brother," the about-to-be lobbyist, who starts March 1, insisted. However, he hastened to add, "Do I have relationships at the White House besides my brother? Yes."

As for twisting his brother's arm, Card said, "It wouldn't be right. Look at this Clinton stuff."

Besides, Card added, "The Dutko Group does not need me to get into the White House."

WORKERS AT MET URGE OPERA TO INTERVENE IN THEIR BID TO UNIONIZE

New York Times
http://www.nytimes.com/2001/02/26/nyregion/26LABO.html

For eight months, a court injunction barred restaurant workers at the Metropolitan Opera from criticizing the opera, but yesterday, with the injunction overturned, they faulted the Met for not intervening to make it easier for them to unionize.

Speaking at a community forum four blocks from the opera house, the workers said they earned barely enough to support their families, and they called on the Met to pressure the contractor that runs its restaurants, Restaurant Associates, to agree to a streamlined way for them to unionize.

Luis Enriguez, a porter in the Met's cafeteria, said he had a $4,000 hospital bill because his $8-an-hour pay was too low for him to afford health insurance. Noemi Fulgencia, a cashier, said her $250-a-week take- home pay was so meager that she has to share a one-bedroom apartment with three other people.

"It's very hard to live on this income," Ms. Fulgencia said.

The union that the workers want to join, the Hotel Employees and Restaurant Employees International Union, said that half of the 95 restaurant workers at the Met earn less than $10 an hour.

Two City Council members who spoke at the forum, Ronnie M. Eldridge and Guillermo Linares, threatened to oppose Mayor Rudolph W. Giuliani's plan to give $240 million in city money to Lincoln Center's renovation unless the Met did more to help the unionization drive. The forum, held at St. Paul the Apostle Church, attracted nearly 300 people, most of them members of the hotel and restaurant workers union.

The Met's press office was closed last night and officials could not be reached for comment. But the Met has maintained in the past that the dispute is between the contractor and its workers.

The workers have urged the Met to pressure its food contractor to agree to an expedited unionization process. Under that process, Restaurant Associates would grant union recognition, not through a secret-ballot election, the most common method, but as soon as a majority of workers signed cards saying they wanted to unionize.

Union officials say that two years ago, more than three-fourths of the food workers signed cards saying they wanted to unionize.

Restaurant Associates maintains that an election is a fairer way to determine workers' sentiment, but the union insists the company has run an intimidation campaign that makes a fair election impossible.

Opera officials assert that it is improper for the union to pressure the Met in any way. Last June, the Met persuaded a judge in Federal District Court in Manhattan to enjoin the union from tying the opera to the dispute. But three weeks ago, the United States Court of Appeals in Manhattan overturned that injunction, concluding that it violated the First Amendment.

MURDOCH'S FOX NEWS

by DAPHNE EVIATAR
The Nation
http://www.thenation.com/doc.mhtml?i=20010312&s=eviatar

It was the last Sunday in January, and Vice President Dick Cheney was making the morning talk-show rounds. On ABC, Sam Donaldson posed hard-hitting questions about the new Administration's failure to alleviate California's energy crisis, the wisdom of George W. Bush's proposed tax cut and John Ashcroft's elusive answers to questions during his confirmation process. On NBC, Tim Russert challenged Cheney on the President's plans for deterring a recession, his commitment to campaign finance reform and how Ashcroft's pledge to enforce the law on abortion squares with the President's antichoice positions.

And on Fox? Brit Hume and Tony Snow--two of the news channel's most conservative anchors--pitched softballs to the new Vice President, prodding him to denounce the Clinton Administration and positioning him to pronounce the energy crisis in California the product of federal clean-air regulations and evidence of the need for offshore oil drilling. About Ashcroft, in a soundbite replayed on Fox throughout the day, Hume asked: "Do you sense in some of the opposition to him, that his faith and his devotion to it is being held against him? And do you sense in that, perhaps, a kind of anti-Christian bigotry?"

It was a typical question on a typical Sunday on the Fox News Channel. Although its right-wing talk-show hosts like Bill O'Reilly have received copious press attention, the conservative slant of Fox's regular news coverage has not. And while much has been written about

Fox's gaffe on election night involving George W. Bush's cousin (which some think caused the public to regard Bush as the legitimate winner), there's been far less focus on the blatant partiality of Fox's regular staff, contributors and guests. It all combines to create a calculated mouthpiece for the right that remains thinly veiled behind its misleading mantra, "fair and balanced." And Fox could have real influence: According to Editor & Publisher magazine, a TV monitor in the White House press briefing room that aired CNN throughout the Clinton Administration was recently switched to the Fox News Channel.

It takes only a few hours on any given day to see Fox's political predilections in action. The Cheney interview, for example, began an ordinary Sunday of conservative cheerleading. Fox Washington correspondent James Rosen, covering the controversy over the Ashcroft nomination, portrayed the Senate opponents as political opportunists "venting" to appease their constituents. The features were no different. A segment about an effort to teach religion in public school was promoted repeatedly with the teaser: "Are we as a nation more or less spiritual today than we were twenty-five years ago? Are we a country that is losing faith?" Viewers were asked to call in answers. Later that same day, a tabloid-style piece on teen abuse of crystal methamphetamine was a virtual banner ad for right-wing policies of strict law enforcement and lengthy incarceration; in the approximately quarter-hour segment, drug treatment or addiction's causes were never once mentioned.

Such slants should come as no surprise, given the cast Rupert Murdoch has chosen to run Fox News Channel, the latest venture of his News Corporation. At the top is Roger Ailes, a onetime strategist to Presidents Nixon, Reagan and the elder George Bush. Ailes's lineup of talent, in addition to Hume and Snow (the latter a former chief speechwriter for the elder Bush), includes David Asman, former Op-Ed editor at the Wall Street Journal, and Sean Hannity, whose personal website features links to Rush Limbaugh's show and the National Rifle Association. Frequent Fox contributors include Fred Barnes, executive editor of The Weekly Standard; Monica Crowley, former assistant to Nixon; Jim Pinkerton, former Reagan and Bush staffer; John Podhoretz, editorial page editor of the New York Post and former Reagan speechwriter; and John Fund, a member of the Wall Street Journal's editorial board and collaborator on Limbaugh's political diatribe, The Way Things Ought to Be.

Of course, paying lip service to its "fair and balanced" refrain, Fox is careful to include token moderates on its talking-head shows. But the middle of the road is routinely pitted against the ultraconservative. So-called liberal contributors, who are at best centrists, include NPR's Juan Williams and Mara Liasson and Roll Call's Morton Kondracke. Murdoch has never been shy about using his news outlets, which include the New York Post and The Weekly Standard, to disseminate his politics. What's particularly insidious about the Fox channel, though, is that Murdoch has gone out of his way to cloak its politics in slogans like "We Report, You Decide" that lull the audience into believing it's hearing not a conservative viewpoint but the unadulterated truth.

The heights of distortion are reached on prime time. Since December, The O'Reilly Factor, a shout-show starring Bill O'Reilly, has been a top-rated talk show on cable, frequently surpassing MSNBC's Hardball With Chris Matthews, Rivera Live and even CNN's Larry King Live. O'Reilly is a step up from Rush Limbaugh--better looking and more reasonable--but he's an equally staunch conservative. The evening of January 16 was typical. To debate the controversial Ashcroft nomination, O'Reilly pitted the powerful Christian Coalition's Pat Robertson against Annie Laurie Gaylor, co-founder of an obscure Wisconsin-based atheist advocacy group. When Gaylor expressed concern about Ashcroft's position on abortion, O'Reilly cornered her into making the irrelevant pronouncement that she wouldn't personally support anyone for public office who was antichoice. Now O'Reilly could dismiss her entirely: "That's an extreme view, Miss Gaylor, so you're an extremist." And so, by implication, was everyone else who opposed Ashcroft's nomination.

If you can make it through O'Reilly, stick around for Hannity & Colmes, Fox's higher-decibel version of CNN's Crossfire. Though the idea is to pit left against right, Alan Colmes, the awkward-looking designated lefty of the pair, is no match for his right-wing matchup, Sean Hannity. Hannity smugly rolls right over Colmes and his Democratic guests while coaxing conservatives to pontificate without interruption. During Fox's postelection coverage Hannity bellowed repeatedly that "the Vice President because of his blind ambition has brought us to the brink of a constitutional crisis" and charged that the Democrats were trying to "steal the election" by demanding a vote recount. Meanwhile, "they might as well have a scarecrow in the liberal seat," says media critic and University of Illinois professor Robert McChesney.

Even Fox's supposedly "straight" nightly news anchors take regular swipes at Democrats. Covering the postelection litigation in Florida, for example, anchor John Gibson railed that "the Democratic lawyers have flooded Florida" because "they are afraid of George W. Bush becoming President and instituting tort reform and their gravy train will be over." Fox further blurs distinctions between news and opinion by having anchors and political commentators switch roles from one day to the next. O'Reilly, for instance, played anchor just after the Supreme Court handed down the decision that ended Gore's fight for the presidency.

Fox's murkiest judgment call may have been hiring John Ellis, the President's first cousin, to analyze election exit-poll results. Lo and behold, Fox was the first network to declare erroneously that Bush had won the election, prompting the avalanche that followed. We now also know that Ellis was discussing confidential exit-poll information with his cousins throughout election night. At Congress's mid-February hearings on election night coverage, Ailes said in his prepared testimony that Ellis was merely acting as "a good journalist talking to his very high-level sources."

But the bias didn't stop there. Peter Hart of Fairness & Accuracy in Reporting notes that after Bush was named the winner of the election, "on Fox, the question was posed as, 'Will Bush compromise or will he stand tough on his principles?'" On December 17, for example, Snow asked Bush Chief of Staff Andrew Card: "Now, the President-elect says that he wants to reach across the partisan divide, and a lot of people are interpreting that as meaning that he has got to water down his views to appease liberal Republicans and Democrats. Is that what he's going to do?"

This blending of news with right-wing partiality dismays many Fox employees. Although staffers say they don't receive direct orders to include or ignore stories for political purposes, "I've been at editorial meetings," says one Fox News Channel employee who did not want to be named. "Certain stories fly and certain stories don't. I'm not blind and neither are my colleagues. Everyone is aware that something is at work. There's a reason that there's a perception that Fox leans to the right."

A manager at the Fox News Channel who's been in broadcast news for six years and who also declines to be identified says the tilt is reflected in the enterprise pieces aired. "The ideas come from the bureau chiefs, and they want to get their reporters on the air, so they're going to pitch stories that management will approve." Says Sarah Barrows, a former production assistant and booker at the Fox News Channel, "They know who their audience is, and they pick stories based on that." Barrows, now an associate producer at Oxygen Media, says that during the Clinton impeachment investigation, for example, "that story probably led nine out of ten times." The Whitewater investigation was another popular front-runner. "Fair and balanced? Give me a break," says a former Fox producer. "During the Clinton impeachment--which they were just loving--it was OK to run a Newt Gingrich soundbite by itself. But if you ran a soundbite by a Democrat you also had to run a soundbite by a Republican." Though this producer had worked at CBS News and at an ABC affiliate, "I had never experienced a newsroom that was that conservative." Fox management's far heavier hand than at other networks is in part a reflection of the fact that Murdoch owns 30 percent of the stock of News Corporation; the other major television networks are all owned by large corporations with widely held shares.

The Fox spin has even crept into its website; each week it posts a new "PC Patrol," in which columnist Scott Norvell bashes liberal organizations like the ACLU for trying to separate church from state or ridicules feminist organizations for criticizing the comments of Fox favorite Rush Limbaugh.

So there's no question that under Fox's guise of neutrality lurks the right-wing designs of its management. But is that a problem? Contributors don't think so. "Fox reports the news from a more conservative mindset than conventional journalism," says Kondracke, a Fox regular. "And that's good. Because if you only have the perspective of the standard liberal outlook, that distorts reality too. Fox is an antidote to conventional news media." NPR's Juan Williams says that at Fox, "I've never felt so intellectually free." Sure, it's slanted, he says, but "the widespread perception of the American people is 'all these people have bias.'" Fox management, meanwhile, denies any partiality. "We feel that other networks have a liberal bias to them," says Bill Shine, executive producer for the Fox News Channel. "But Mr. Ailes pounds this into us at every staff meeting, every time we get together: 'fair and balanced.'" Ailes declined to comment.

True, studies have shown that Washington journalists are more likely to vote Democratic and identify themselves as liberal. One frequently cited survey by the Freedom Forum/Roper Center in 1996 found that 61 percent of the 139 Washington-based journalists queried professed to being either "liberal" or "liberal to moderate," while only 9 percent said they were "conservative" or "moderate to conservative." But how that plays out in news coverage is a different matter. A study by the Project for Excellence in Journalism found that in the last weeks of the presidential campaign, Bush was twice as likely to receive positive coverage as Gore. And the group's study examining five scattered weeks between February and June revealed that more than three-quarters of the campaign coverage included discussion that Gore lies and exaggerates or is tainted by scandal, while the most common theme about Bush was that he is a "different kind of Republican." No Democratic bias there.

Still, Fox is obviously filling a niche. Since it started in 1996, ratings have soared, climbing more than 200 percent in the last quarter of 2000 from the same period the year before. During the fourth quarter of 2000 it started turning a profit, a year ahead of schedule. And in December, its ratings beat CNN in prime time, even though CNN reaches about 22 million more homes. So does Fox's success attest to a huge conservative audience out there? Not necessarily. Sure, there's the Limbaugh crowd, which wants to hear right-wing vitriol. But plenty of people tune in to be titillated by the news channel's brash, infotainment style. "People come up to me on the street and say, 'I hate that Sean Hannity,'" says University of Southern California law professor and frequent Fox contributor Susan Estrich, one of the news channel's few truly liberal regular commentators. "But I say, 'Do you hate him five days a week?' They say, 'Yes.' They watch it."

Murdoch has done something ingenious: He's created an entertaining news channel that disseminates his viewpoint far and wide and also makes good business sense. It costs far less to get two people to snipe at each other on the air than to pay reporters and producers to dig up real news. And although Fox may be leading the transformation to econo-news, it is not alone. The pressure to attend to the bottom line is yielding a watered-down form of journalism at all TV news outlets. "My views of contemporary journalism are so disheartening at the moment that I find it very difficult to point just to Fox and say, 'Tsk, tsk, look what they're doing,' without pointing at the same time to all of the networks and saying, 'Tsk, tsk, what have you done?'" says Marvin Kalb, Washington-office director of the Shorenstein Center on the Press, Politics and Public Policy and a former broadcast journalist for CBS and NBC.

Murdoch may be the most blatant, though, about putting profits above principles. In the mid-1990s he eliminated the BBC from his Hong Kong-based Star Satellite news service because the Chinese government didn't like the channel's critical programming. And his publishing house, HarperCollins, dropped former Hong Kong governor Chris Patten's East and West, which included less than flattering descriptions of Chinese leaders. At a Fox-owned station in Florida, award-winning reporters Jane Akre and Steve Wilson claim their contract was canceled in 1997 because they refused to soft-pedal their investigative story about the effect of bovine growth hormone on the state's milk supply after BGH producer Monsanto complained directly to Roger Ailes. They sued. Wilson couldn't prove his case, but Akre won hers, which charged that Fox fired her for threatening to blow the whistle on its action.

But every network has its closetful of stories killed, buried or neutralized to serve the owners' or advertisers' interest. A study last year by the Pew Research Center for People and the Press and Columbia Journalism Review found that more than 40 percent of nearly 300 journalists surveyed said they had intentionally avoided newsworthy stories or softened the tone of stories to benefit the interests of their news organizations. That fear of offense radically restricts the range of opinion that makes it onto the news networks, redefining the center and relegating left speakers to the fringe, seemingly out of touch with their audience.

So what to do? Media critic McChesney proposes stepping up FCC regulations, boosting funding for public radio and television, and revamping the antitrust laws to set limits on media ownership. Lawrence Grossman, former president of NBC and PBS, advocates making broadcast companies pay to use the public airwaves and using that money to fund public service programming and a stronger public broadcasting system. Realistically, however, given Bush's picks at the FCC and the Justice Department, additional fees and stricter antitrust scrutiny are unlikely to happen anytime soon. And it's hard to imagine this sharply divided Congress putting significantly more money into public broadcasting.

Can liberals compete? Yes and no. "I hope there's a revolt out there that wants to have ten liberal O'Reilly Factors," quips Fox contributor Estrich. "Where are these guys on the left who can do a news channel that covers the news well and also provides an opportunity to get their views across?"

These days, that's an enormously expensive proposition. When Murdoch entered the game, on top of capital and production costs he paid cable operators $10 per household to carry the Fox News Channel. "That escalated the cost of starting a channel to $500 million," estimates Jay Levin, founder and former owner of the alternative LA Weekly, who tried to launch an environmental cable channel in 1993 that was ultimately unsuccessful. But there are alternatives. Digital television is finally becoming a reality and should vastly increase the number of channels, at least temporarily reducing startup costs. And the newest broadband technology creates an opportunity for an endless number of televisionlike stations via the Internet.

Fox started in 1996, when anti-Clinton sentiment burned bright. The new Bush Administration offers ample targets for left-wing fire. And there's a market for it, insists John Schwartz, president of Free Speech TV, a nonprofit station based in Boulder, Colorado, that's carried on the satellite Dish Network and reaches 5 million homes. "There's a fanatical viewership," says Schwartz.

Of course, without a media magnate like Murdoch behind it, an independent station's reach will never rival Fox's. But done with intelligence and wit, left TV could at least be a potent thorn in its side. For now, though, Murdoch and Fox remain unchallenged.

On the Editorial Pages on February 26, 2001

WHAT KIND OF PARTY FOR THE DEMOCRATS?

The New York Times
http://www.nytimes.com/2001/02/25/opinion/25DEMS.html

The continuing controversy over President Clinton's pardons of Marc Rich and others has placed leaders of the Democratic Party in a quandary. In some ways, the last few weeks have been harder on Mr. Clinton's supporters than even the battle over impeachment. Some have strongly criticized his pardon decisions, and many were embarrassed by questions over gift-taking as he and Senator Hillary Rodham Clinton left the White House.

Yet Mr. Clinton's legacy of economic prosperity and his record on welfare reform, the environment and civil rights remain central to the Democratic agenda. The Op-Ed Page asked prominent Democrats and political commentators how the party can refashion its message, regain the public's trust on ethical issues and position itself to become the majority party in Congress in two years.

Robert B. Reich, secretary of labor under President Bill Clinton and author of "The Future of Success."

The seemingly interminable Clinton scandals are not the Democrats' biggest problem, and merely distancing themselves from Bill Clinton (or Hillary Rodham Clinton) won't restore the party's soul.

The Democratic establishment in Washington is no longer connected to the grass roots. The national party is nothing but a fund-raising machine. Terry McAuliffe, head of the Democratic National Committee, is distinguished mostly by his ability to wrestle dollars from donors. The Democratic Leadership Council is distinguished mostly by its opposition to organized labor. Congressional Democrats who flock to the vacuous "center" of a rightward-creeping agenda lack the courage of any strong conviction.

Yet strong conviction is exactly what's needed. Three million more Americans voted for Al Gore or Ralph Nader than voted for George W. Bush. Most Americans don't want a giant tax cut for the rich. They'd prefer health care, good schools and quality child care for all; stronger Social Security; and a tax cut mostly for men and women of modest means.

They don't want a giant missile defense against the world; they'd rather join the world in slowing global warming and reducing global poverty.

A third party won't get there. (Nader was a disaster.) But neither will the poll-driven, money- grubbing Democratic establishment in Washington. Reviving the Democratic Party will require rebuilding a party rooted in our communities and fiercely opposed to what the Republicans are pushing. In short, a political movement that inspires Democrats to be the party of the people who have been left out.

Kevin Phillips, author of "The Cousins' Wars: Religion, Politics, and the Triumph of Anglo-America."

The tacky side of Bill Clinton outweighed his achievements last November, and the balance keeps worsening. Quiet but serious Democratic exorcism is in order. Ralph Nader was right about the Democratic Party losing its soul to big donors and corporate money. The party needs to reclaim the legacy of Jefferson, Jackson, Franklin Roosevelt and Truman.

The two Democratic presidential nominees to lose to the Bushes — Michael Dukakis and Albert Gore — were both centrist, technocratic policy wonks with Harvard degrees. Enough said.

The most important Clinton legacy may be 1993-2000 as a prosperity period between two Bush recessions. No other legacy is more important to burnish. Historically, the G.O.P.'s vulnerability comes when a major economic downturn and the bursting of a speculative bubble catch the party in top-one-percent partying mode — for example, upper-bracket tax cuts, glorying in globalization, fat-cat fund-raising. The near future could prove to be such a period of vulnerability. On top of which, our first-ever Restoration — the quirky, risky selection of the previous Republican president's eldest son to establish the dynasty — doubles the stakes of a G.O.P. failure.

Maynard Jackson, national development chairman of the Democratic National Committee.

Our party must distance itself from tabloid politics and focus on the business of working to restore the grass roots of our party. Although former President Clinton is beleaguered right now, we Democrats cannot abandon the leader who brought us America's greatest economic expansion. Now we must concentrate our energy and efforts on the people in the precincts. Democrats have a proud tradition of people politics.

Our Democratic Party is not an end; it is a means to an end. The end is a greater America — where individual worth is valued and no person is left out; where every vote counts; and where "inclusion" is not a catchword, but is a passion. That must be our preoccupation, and that is our action plan.

Geraldine Ferraro, former congresswoman from New York and 1984 Democratic vice-presidential nominee.

The party should lie low and let the raging pardon fire burn itself out, as it inevitably will. When all is said and done, Bill Clinton will rise from the ashes and still be able to help Democrats running for office to raise money and get elected. Because of this amazing talent of his, his positive impact on the Congressional and Senate races in 2004 could be profound.

But it’s quite another thing for Hillary. She worked hard for 18 months to win the Senate seat from New York with very little help from her husband, and voters responded to her agenda. She leads a separate and independent political life from her husband. She’s done the Washington press conference, which was necessary to respond to the revelations about her brother. Now she should go back to the voters around the state and start telling them what she’s doing in the Senate to deliver on her promises. Only by successfully changing the subject will the senator be able to move on and be her own woman.

Al From, founder and chief executive of the Democratic Leadership Council.

For most ordinary Americans, the last eight years meant better jobs and higher incomes, more opportunities and less inflation, more work and less welfare, safer neighborhoods and better schools. As long as Democrats stick to the New Democrat formula that produced that progress — furthering our party's first principles by modern means to tackle America's new challenges — we'll retain the confidence of the American people.

We must honor Andrew Jackson's credo of opportunity for all by spurring economic growth. That means fiscal discipline, paying down the debt, expanding trade, and investing in education and new technologies. We must honor John Kennedy's ethic of civic responsibility by expanding AmeriCorps. And we honor Franklin Roosevelt's legacy of innovation by modernizing Social Security and Medicare for new circumstances and by expanding programs that empower citizens, like charter schools and community policing.

So long as we keep our attention focused on solving the real problems facing people in their daily lives, the politics will take care of itself.

Donna Brazile, 2000 campaign manager for Al Gore.

As a Democrat, I believe my party has a future — a future built on Bill Clinton's successes and beyond his disappointments.

The immediate task is to renew the discussion that Al Gore began in the campaign: to fight for working families, protect and expand our prosperity and invest in improving education and cleaning up the environment. This discussion, which also included paying down the debt, support for a modest tax cut for the middle class and strengthening and saving Social Security and Medicare, was on the right issues and holds the right ingredients to put together another winning coalition in 2001, 2002 and beyond.

So, it's time to let Bill Clinton go — go on and live the rest of his life and allow a new generation of Democratic leaders to renew their fight on behalf of working families in America.

Jesse L. Jackson Jr., Democratic representative from Illinois.

The 2000 election revealed that Americans are united on goals but divided over means: they chafe at the constraints of a two-party system and the limiting philosophies of conservatism, moderation and liberalism. We need to reach beyond these constraints to achieve the goals of the people.

In 1948, Hubert Humphrey said it was time for the Democratic Party to rise above states' rights and fight for human rights. Humphrey's insight has validity for our own time. Both candidates, and both parties, campaigned on providing every American with a good education and health care — to "leave no one behind." I believe public education and health care are human rights and should be codified as American rights in the form of Constitutional amendments. Fighting for these rights is a nonideological, nonprogrammatic and bipartisan way of uniting the American people, and both parties, around common goals.

Dale Bumpers, retired senator from Arkansas.

I well remember pundits predicting that the impeachment of President Clinton would wipe the Democrats out in 2000. The Democrats proceeded to win/lose (whichever you prefer) the White House and make significant gains in Congress.

The investigations of the Clinton pardons are important, but to suggest that President Bush will get his program through in a cakewalk because of this issue is a stretch.

The pardons have been soundly condemned by Democrats as well as Republicans, taking away party advantage. And it would be very surprising if the pardon story has a life long enough to distract the public three or four months from now.

My own prediction is that once President Bush's programs hit center court, they will meet the same strong resistance they would have met had no pardons ever been granted. I know how strongly the Democratic Congressional leaders oppose them. More important, the American people always have a greater interest in matters that directly affect them, like income and estate taxes, education and medical care, than in a repeatedly hyped story on television. Democrats need to argue now that for the first time in our history, we are on the threshold of a golden age where affluence makes it possible to attack problems with solutions once thought unaffordable and to free our children of debt — and that we must not fritter it away by adopting huge tax cuts. If Congress doesn't seize this opportunity, it won't be because the Democrats didn't make the case.

Warren Beatty, movie actor and director.

The Democratic Party has abdicated much of its soul to raise the money necessary to be elected. To regain its historic mission and activate its natural constituencies, the party must, above all, face the fact of its own culpability in the odor of the legalized bribery that constitutes the way we finance our campaigns. Why bemoan the Bush restoration if fund-raising has turned the Democrats into slightly kinder and gentler Republicans?

The present discussion of bribery should focus less on detecting those we feel might be culprits under the letter of the law and more on favorable treatment exchanged for campaign contributions that now technically qualify as legal.

Blackstone, in his "Commentaries," says: "Plato therefore more wisely, in his ideal Republic, orders those who take presents for doing their duty to be punished in the severest manner; and by the laws of Athens he that offered was also prosecuted as well as he that received a bribe."

How do we encourage honorable people to enter or remain in a profession in which success is so often achieved by dishonorable conduct? I hope the revelations of the last few days will dramatize for the public the dire necessity of having, and the high cost of not having, public financing of political campaigns.

Nita M. Lowey, a congresswoman from New York and chairwoman of the Democratic Congressional Campaign Committee.

Democrats can best move beyond this moment by drawing clear contrasts with Republicans on the issues. We must argue for a responsible budget that pays down the debt, provides a sensible tax cut for working families, and reflects our values. Over the past eight years, Democrats have been justly defined as the true party of fiscal responsibility and sound economic policy, and the American people acknowledged this last November when we gained seats in Congress and Al Gore won a plurality in the race for president. The challenge Democrats face is whether we can continue to articulate an agenda that keeps America on the path of economic prosperity by investing in our key priorities — education and health care.

Mario Cuomo, former governor of New York.

The tsunami of media coverage unleashed by the Clinton pardons will be spent only when the current investigations conclude there is no provable criminal conduct. And that is likely. The suspicious conjunction of quid and quo — gifts or contributions to politicians and decisions by politicians that favor the givers — is an everyday occurrence in Washington and state politics, but rarely does it produce investigations, and even more rarely, convictions.

This week President Bush will describe his program for America. Its most important piece will be a tax cut mostly for wealthy Americans that is dangerously large and will leave us inadequate resources to deal with our education, health care and debt problems.

Distracted Democrats have already ceded much of the argument and are quibbling over the amount of the tax cut and who should benefit. As a result, they are in a precarious political position.

If they give the president a clear victory in the tax cut debate, they may forfeit any real chance to win either house of Congress in 2002. What a sad mishandling of the political situation that would be. Al Gore received half a million votes more than Mr. Bush — a statement of preference for the Democratic agenda.

The Democrats have 50 votes in the Senate and are only nine votes from parity in the House. They should forge a powerful alliance, supporting only a much smaller tax cut, one that benefits the working poor and middle class, and stay with their position until hell or the Republicans freeze over.

PATENT WRONGS

The Washington Post
http://washingtonpost.com/wp-dyn/opinion/A49618-2001Feb24.htmlb

THE CHARGE that globalization puts profits before people is almost entirely nonsense: The rules set up to facilitate the global movement of capital and goods offer the best hope of a job and an escape from poverty for millions of people. But one new pillar of the international system -- the intellectual property regime overseen by the World Trade Organization -- does potentially favor companies at the expense of the neediest. On Wednesday the Bush administration signaled it understands this danger. It needs to come out and say so much more forcefully.

The potential for abuse comes in the area of drug patents. These always involve a trade-off: The patents create a useful incentive for firms to come up with new drugs, but they also restrict the spread of existing drugs to people who need them. Rich countries grant pharmaceutical firms 20-year patents, reckoning that most of their citizens will be able to afford the drugs they need even if long patents mean high prices. For poor countries, however, the logical trade-off is different. Their citizens are dying for want of drugs that exist but are unaffordable. Creating generous incentives for the invention of new and equally unaffordable drugs is not exactly a priority.

In 1995 the industrialized countries nonetheless persuaded the developing world to sign on to an intellectual property deal that entrenches 20-year patents everywhere; it will be phased in by 2006. Fortunately, they conceded a loophole: If a country faces a national emergency, it has great leeway to license a drug from a patent holder and make cheap generic copies. Given that the developing world is in a state of permanent medical emergency -- because of AIDS, malaria and tuberculosis, to name just three killers -- this loophole ought to allow extensive manufacture of generics. But the pharmaceutical industry takes a different view. In a case that gets underway next month, it is suing the South African government for its policy of copying AIDS drugs.

Until the end of 1999, the Clinton administration sided with the industry in its maximalist view of intellectual property rights. Then it changed sides, realizing presumably that forcing rich countries' conception of patents undiluted on the poor world is as crazy as telling African firms to pay the U.S. minimum wage. Now the new team at the office of the U.S. trade representative has let it be known -- in an off-the-record, coy kind of way -- that it means to stick to the second and wiser Clinton policy. If this really is the intention, Robert Zoellick, the head of the office, ought to say so clearly.

Until he does, there is reason to be worried. The pharmaceutical lobby gives millions in campaign donations; it is constantly pushing the U.S. trade office to file cases against developing countries at the World Trade Organization. The administration needs to take the opposite course: It should lead an international effort to clarify poor countries' right to fight emergencies with generic drugs, and it should declare its sympathy for the South African government in the pending case. The fragile support for globalization depends on showing that profits are not actually being promoted at the expense of people. That means corporate lobbies cannot be allowed to dictate health policy to the developing world, where 30,000 people die each day from treatable and preventable infectious diseases.

FIGHTING AIDS IN AFRICA

The New York Times
http://www.nytimes.com/2001/02/25/opinion/25SUN2.html

The recent announcement by the Indian drug company Cipla that it would sell AIDS therapy for $600 a year or less to African countries is a step toward commuting the death sentences now hanging over the 25 million Africans infected with H.I.V., the virus that causes AIDS. A year and a half ago, few people even dreamed that the citizens of poor nations would be able to get the antiretroviral drugs that have turned AIDS into a manageable disease in rich countries. Now, each week brings new developments on fighting AIDS in poor nations, and a stronger international consensus that poor countries can provide treatment to those infected and improve their prevention campaigns to slow the spread of the virus. None of this will be possible, however, without leadership from the Bush administration, which must take a more aggressive role in combatting AIDS abroad than its predecessor.

One reason for the worldwide movement on AIDS is that the dimensions of the apocalypse are beginning to sink in. The AIDS virus is a plague that now afflicts one in five adults in South Africa. Throughout Africa, it is eroding economic growth and killing the most productive people. It could bring about the social collapse of many countries, creating instability and humanitarian crises.

Bush administration officials recognize that AIDS has become a foreign policy issue for the United States. Secretary of State Colin Powell has called AIDS an economic and national security problem and said Congress has been generous. But Congress's allocation amounts to only $315 million this year for all AIDS programs worldwide — vastly inadequate to prevent the catastrophic scenarios looming in Africa. An effective prevention program throughout Africa — the very minimum necessary — would cost $1.5 billion, according to the United Nations program on AIDS. Relieving the pain of AIDS sufferers and treating their infections would cost a similar amount, and providing drugs to attack the AIDS virus would cost even more.

The Cipla offer has greatly increased the possibility that poor nations will be able to treat AIDS, especially if it provokes brand-name drug makers to lower their prices, as it seems to be doing. A year of therapy costs $10,000 or more in the United States, but several multinational drug companies have negotiated far lower prices with some African countries, as low as $1,000 a year, and now Cipla will sell generic drug cocktails for less. But even at $600 a year, these drugs are out of reach for most Africans. Wealthy nations are going to have to pay for the drugs — which could initially cost $3 billion a year for Africa, and more as a greater number of patients are reached. The West must help African nations improve their health care delivery systems so they can properly administer these drugs — an effort that would reap many other health benefits as well.

America need not take on this financial burden alone, but it must assume part of the responsibility. That will require the Bush administration to multiply its allocation for AIDS in the third world substantially. Just as important, the administration must abandon its predecessors' policies that blocked access to cheap drugs in poor countries in the name of protecting the patent rights of American drug companies.

The pharmaceutical industry, whose donations favor Republicans, is likely to be even more influential with this president than it was with

Bill Clinton. But the first sign from the Bush administration is encouraging. Trade officials indicated last week that Washington will not use trade to pressure poor nations that seek to make or buy generic AIDS drugs, as long as their efforts fall within world trade rules. The Clinton administration had used such tactics but abandoned them after criticism from AIDS activists. Many feared they would now be revived. The Bush administration should also work with Unaids and the World Health Organization to improve access to needed medicines. The means now exist to treat the sick, if America will help.

THREE BLIND ARGUMENTS

Washington Post
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PRESIDENT BUSH is due to outline his budget tomorrow evening. The outlines of the package already are fairly clear. Its central feature is a large tax cut, designed during the Republican presidential primaries to shore up the candidate's credentials with conservatives. The tax reduction likely would cost about $2 trillion over 10 years, eating up a large portion of the projected surplus. The budget proposal will include an 11 percent increase in federal spending on education, but many other departments will be squeezed to accommodate the tax reduction.

In his press conference last Thursday, Mr. Bush offered three arguments for this tax cut. He offered the excess money theory: "After we've funded our priorities, after we have paid down an unprecedented amount of debt, we'll still have money left over," he declared. But this claim, in addition to assigning more certainty than is warranted to budget projections, is based on the dubious idea that government spending can be prevented from growing faster than inflation. Given that both parties agree that defense spending, which represents half of the discretionary budget, is going to rise, this is not a realistic assumption. The kind of Social Security reform that Mr. Bush talked about during the campaign, and not much since, also would have high transitional costs that are not provided for in this scheme.

Next, Mr. Bush suggested the tax cut was needed in order to help the slowing economy: "These are uncertain times -- increasing layoffs, growing consumer debt, lower consumer confidence," the president said. This argument is opportunistic, because the economy was booming when Candidate Bush first proposed his tax plan. More important, it is misguided. Tax cuts take too long to implement to be a good tool for managing the economic cycle. The interest-rate lever, which the Federal Reserve Board has twice pulled recently, is more effective.

Finally, Mr. Bush claimed that a marginal cut would help the country's long-term economic performance. This was a reference to the strong probability that people would work harder if they were allowed to keep more of each extra dollar in earnings, and that harder work would boost output. But this sharpening of work incentives has to be weighed against the likelihood that a tax cut would mean a drop in national savings, which in turn reduces investment and the productivity gains that flow from it. If the Bush plan is enacted, Americans probably will work a bit harder and a bit less productively -- hardly a compelling argument for a tax cut.

If Congress is convinced that the government has money to spare, and wants to help hard-pressed families menaced by consumer debts and layoffs, it could fashion a better tax cut. The Bush proposal gives 30 percent of the benefits to the top one percent of earners; one of his plan's most expensive elements is the egregious proposal to abolish the inheritance tax, a move that would benefit only the heirs to the biggest 2 percent of estates. Mr. Bush said on Thursday that his plan "addresses the concerns of working Americans." Hardly.

ACTIVISTS, ACTING GOVERNMENTAL

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Ever since demonstrators squished that trade summit in Seattle 15 months ago, people have complained that nongovernmental organizations (NGOs) want nothing less than to block globalization. This understates their real ambition grievously. The NGOs that really count don't want to block globalization at all. They want to control it.

You can see this in a new campaign launched by Oxfam, an international development group headquartered up the road from Oxford University in England. This month Oxfam has come out with three studies explaining how patents make medicines expensive in poor countries, where diseases such as malaria kill millions. But these are not just interesting opinion papers. Because of the way today's smartest NGOs operate, they are more like proposed regulations for the international system.

One of Oxfam's studies homes in on GlaxoSmithKline (GSK), by some measures the world's biggest drug company. In the report's first paragraph, Oxfam mentions that its pension fund owns stock in the company -- meaning, although Oxfam is too polite to spell this out, that it could mess up GSK's next shareholders' meeting. The second paragraph then lays out three steps GSK should take to improve poor countries' access to medicine. The third one suggests that -- if you don't listen carefully, buster -- GSK faces "a reputation risk of biblical proportions."

It's a pretty fair bet that GSK will listen. The pharmaceutical industry already has been hounded by Doctors Without Borders, another NGO, and because critics of patent injustice have a compelling case, the industry is getting grief from the media. Governments are turning hostile too. The United States and the European Union used to swallow the drug makers' line that patents should last 20 years everywhere

-- including in poor countries where high prices condemn people to death. But last week the Bush administration sidled away from the industry, while the EU hinted it would favor a rethink of patents and development.

Oxfam's campaign to regulate drug firms isn't an isolated example. An NGO coalition led by Global Witness, another U.K.-based group that boasts all of 14 employees, has pushed successfully for regulation of the diamond industry, whose willingness to buy gems from limb-chopping rebels has fueled civil wars in Sierra Leone, Congo and Angola. Global Witness has helped regulate the oil industry as well, forcing companies to dissociate themselves from corruption by publishing financial accounts of their investments in Angola.

Ten years ago, quasi-regulation by NGOs was just about unheard of. Ten years from now, it may be so well established that firms get sued for supposed infractions of the codes that NGOs have written. Already, suits have been brought in U.S. courts against oil firms that allegedly violated human rights in Nigeria and Burma. And the U.N. is considering the incorporation of NGO codes of conduct into its own declarations. That would start to establish these codes as customary law, which means NGOs get a green light to haul corporations before U.S. judges.

Is this bad? The standard objection to NGOs is that nobody elected them, but Oxfam and its allies can only push an industry around if they are backed by public opinion. The real problem with NGO regulation is different. By itself, regulation is an imperfect tool. Just as national governments supplement regulation with taxpayer-funded programs, so global problems need money to be spent on them.

Oxfam's new campaign illustrates this perfectly. The organization is right that patents drive up medicine prices scandalously. But even if generic copies could cut drug prices by 90 percent, essential medicines might remain beyond the reach of the 2.8 billion people who live on less than $2 a day. Poor countries can't afford the transport and clinics to deliver drugs to people in the countryside. They need aid as well as cheaper drugs if they're going to make progress.

The same point holds for many other areas of NGO regulation. The NGOs rightly are pressuring apparel retailers to crack down on child labor at their subcontractors' factories. But child labor will persist until more money is found to build schools for children. The NGOs have tried to use regulation to suppress turtle-killing shrimp nets. But their campaign probably cost more than it would have done to send fishermen in the poor world turtle-safe replacements.

The problem is that aid budgets have stagnated over the past decade, even as NGO regulatory efforts have multiplied. The activists have discovered how easy it is to go after image-conscious firms such as GlaxoSmithKline, whose annual sales are three times the gross domestic product of a medium-sized African economy such as Zimbabwe's. But rich though they are, corporations are not going to solve the problem of development; that is not their job, nor should it be. If conscience-stricken activists want to fight malaria or child sweatshops, they need to raise hell about their governments' paltry aid spending.