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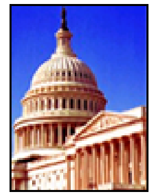

Officers: Sen. Paul Wellstone, Rep. Cynthia McKinney, Rep. Bernie Sanders, Rep. Major Owens

NEWS UPDATE - March 8, 2001

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Quote of the Day…

"This is just the beginning . . ."

- *White House Press Secretary Ari Fleischer on how the GOP's recent corporate-backed efforts to kill workplace and consumer protections and enact a massive tax cut for the wealthy is part of a larger agenda (Los Angeles Times, 3/7)*

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SUMMARIES

1. THE FISCAL KAMIKAZEE MISSION CONTINUES IN THE HOUSE TODAY (news)
The Wall Street Journal reports that "Republicans will push a $958 billion tax-rate reduction through the House Thursday, but the big vote that is expected masks the discomfort many GOP members have with its fiscal footing." At the same time, the Congressional Joint Tax Committee released a report showing that Bush's tax plan will actually cost $1.75 million – higher than Bush has been saying. As the article states, "Virtually all House Republicans are expected to support the bill, along with a handful of Democrats."
http://interactive.wsj.com/articles/SB984004913150869274.htm

2. WELFARE FOR THE WEALTHY (editorial)
The New York Times editorial board chastises the Republicans for trying to ram a tax bill through the House that "would disproportionately benefit the wealthy." As they write, "It would do nothing for almost half the taxpayers, those whose main federal taxes are payroll taxes that finance Social Security and Medicare. It would force heavy cuts in discretionary spending that many Republicans have already said they would not support. It would siphon money from the Medicare and Social Security trust funds, which the public opposes."
http://www.nytimes.com/2001/03/08/opinion/08THU1.html

3. URBAN LEADERS TO BUSH: CITIES – NOT RICH PEOPLE – NEED HELP (news)
USA Today reports that "On the heels of Bush's proposed tax cut" America's urban leaders are concerned that the President's agenda "shortchanges domestic programs." As the article states, "With a report out Thursday identifying six threats to America's communities, the National League of Cities is seeking to cash in on President Bush's promise to unite the portion of America that is thriving with the portion that has been left behind."
http://www.usatoday.com/news/washdc/2001-03-07-bushcities.htm

4. GOP PUSHES TAX CUT AT SAME TIME IT CUTS HOUSING URBAN DEVELOPMENT FUNDS (news)
CongressDaily reports on how President Bush's budget severely underfunds the Housing and Urban Development Department budget next year.
http://www.nationaljournal.com

5. BUSH'S HARD RIGHT TURN SHOWS TRUE COLORS (news)
The Los Angeles Times reports that "using hardball tactics," Bush and his cronies in the Republican leadership are showing their true corporate right-wing colors in attempting to cut taxes for the wealthiest Americans and by rolling back workplace protections. As the article states, "President Bush came to power talking like a conciliatory centrist, but this week in Congress has shown him ready and willing to join Republican lawmakers in charging hard to the right."
http://www.latimes.com/news/timespoll/national/lat_congress010308.htm

6. HOUSE GOP GETS 16 DEMOCRATS TO HELP KILL WORKPLACE PROTECTIONS (news)
The Washington Post reports that after the House voted to kill ergonomics regulations last night, it is clear that "Rarely has American business been as united in a cause as it was in trying to scuttle" workplace protections. All told, the vote to kill the rules was won by just 9 votes, with 16 Democrats voting with the GOP and Corporate America. As the article states, "The swift action to overturn 10 years of work on the regulation underscores that, no matter how close the November election was, the balance of power has shifted dramatically in Washington" to the corporate powers that be. The article goes on to detail daily meetings between the House Republican leadership and business lobbyists, as well as the tactics of such lobbyists showering lawmakers with gifts in order to get their vote.
http://washingtonpost.com/wp-dyn/articles/A35709-2001Mar7.html

7. DEMOCRATS MUST HOLD THE LINE ON TRADE (editorial)
The Nation's William Greider reports on Corporate America's new tactics in its efforts to pass legislation giving the President "fast-track" authority to negotiate trade deals, thus weakening Congressional and grassroots power to stop anti-worker, anti-environment and anti-human rights pacts. Recently, big business has made shallow efforts to pretend as if it supported environmental, labor and human rights provisions in trade policy, but as Global Trade Watch director Lori Wallach says in the article, these are merely "a splash of green and blue paint" over their underlying efforts. As Greider notes, "back in 1998 the labor, enviro and human rights coalition defeated Bill Clinton in the House on fast track, and it can prevail again this year if House Democrats maintain unified resistance. It's another big test for the Democratic Party but also for the new President, because both trade issues would consume a lot of his political capital."
http://www.thenation.com

8. WHAT'S SO GOOD ABOUT BIPARTISANSHIP IF THIS IS WHAT IT MEANS?? (news)
The Associated Press reports that a bipartisan majority in the Senate voted to kill an amendment that would have provided protection to families who are forced into bankruptcy by disastrous medical bills. All told, Senate Democrats mustered only 34 votes for the legislation despite the fact that "a study published last May found that catastrophic medical bills play a significant role in personal bankruptcies, accounting for about 40 percent of the filings in 1999." The amendment was offered by Progressive Caucus Senator Paul Wellstone (D-MN) and opposed by large credit card companies and banks.

http://www.cnn.com/2001/ALLPOLITICS/03/08/bankruptcy.ap/index.html

9. TAKING THE FIGHT TO THE PHARMACEUTICAL INDUSTRY IN AFRICA (news)
The New York Times reports that "an Indian maker of generic drugs asked South Africa today to give it the right to sell eight AIDS drugs currently available only from their patent- holding multinational companies at high prices." As Frederick M. Abbott, a government consultant who specializes in international trade law and intellectual property, says, "The talk from the pharmaceutical companies about intending to provide low-cost pharmaceuticals goes back years, and every day this goes on, people die in South Africa." The industry is seeking to block this and other efforts to provide low-cost drugs to Africa through lawsuits, though, as Abbot says, "The necessity is not to have lawyers debating statutory language. The necessity here is getting drugs."
http://www.nytimes.com/2001/03/08/health/08AIDS.html

10. BIG BUSINESS: HOW COULD ANYONE THINK MONEY IN POLITICS BREEDS CORRUPTION? (news)
CongressDaily reports that the Business-Industry Political Action Committee will once again oppose campaign finance reform if it comes up for a vote in Congress. As the article states, despite hundreds of millions of dollars flowing into the political process and consequent enactment of a pro-corporate agenda, "BIPAC does not believe the presence of more money in the political process leads to corruption."
http://www.nationaljournal.com

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FULL STORIES

HOUSE REPUBLICANS WILL PASS TAX BILL DESPITE SPLINTERING OVER FEASIBILITY

Wall Street Journal
http://interactive.wsj.com/articles/SB984004913150869274.htm

WASHINGTON -- Republicans will push a $958 billion tax-rate reduction through the House Thursday, but the big vote that is expected masks the discomfort many GOP members have with its fiscal footing.

"There are times when you challenge and when you don't challenge," said Rep. Michael Castle. The Delaware Republican said he is likely to vote for the tax cut, but he added: "I think the later votes are going to be more telling."

Democrats, meantime, are touting a new analysis that pushes the cost of President Bush's tax-cut plan to nearly $1.75 trillion over 10 years, up from $1.6 trillion, based on the House bill. In addition to rate reductions, Mr. Bush's plan would reduce the marriage penalty, repeal the estate tax and double the child tax credit.

The increase comes from Congress's Joint Tax Committee and takes into account the House's acceleration of the Bush rate reductions as well as revisions in the committee's original estimates. Democrats say Republicans now will be forced to raid Social Security and Medicare to deliver the Bush cuts. "It is more clear than ever, the Bush plan does not add up," said Sen. Kent Conrad of North Dakota, the ranking Democrat on the Budget Committee.

The House bill would phase in a new 12% tax rate starting this year for the first $12,000 in taxable income for couples, and $6,000 for singles. The rate would drop to 10% in 2006. The same year, the five current brackets would be consolidated and cut into four: 10%, 15%, 25% and 33%.

Virtually all House Republicans are expected to support the bill, along with a handful of Democrats. Democrats will offer a substitute tax package, a 10-year, $586 billion plan to lower the 15% tax rate to 12% on taxable income up to $20,000 a couple, and reduce estate taxes and the marriage penalty.

For many Republicans, Thursday's vote is more a show of support for Mr. Bush and the GOP than it is an endorsement of the bill. They are squeamish about acting before work on next year's budget is complete and spending needs are clearer. "I can hardly spell trillion," said Rep. Amo Houghton (R., N.Y.). "I don't know whether $1.6 or $1.3 or $800 billion is the right thing." But he added, "I think we're moving in the right direction."

Reps. Houghton and Castle belong to a growing group of moderates who want to include a trigger mechanism to stop the phase-in of tax reductions if projected surpluses don't materialize and the government can't meet its debt payments. Wednesday, 14 House and Senate members turned out to endorse a resolution calling for a such trigger. The group includes Senate Republicans and Democrats whose support is crucial for Mr. Bush.

One is Sen. Olympia Snowe, who sits on the tax-writing Finance Committee. "We're here today because we want to be responsible stewards of the surplus," the Maine Republican said. Another trigger advocate, Sen. Robert Torricelli of New Jersey, is one of the Democrats Mr. Bush would most like to win over, because of his influence in the party.

Budget experts, GOP leaders and the Bush administration dismiss the trigger as an unworkable gimmick. But the criticism does appear to be softening as the idea gains steam. "I don't like it, but I wouldn't want to rule all language out," said Sen. Charles Grassley, an Iowa Republican who heads the Finance Committee.

Meanwhile, two Senate Democrats proposed a stripped-down version of the Bush rate cuts. Sens. Bob Graham of Florida and Jon Corzine of New Jersey called for an immediate reduction in the lowest tax rate, to 10% from 15%, on the first $19,000 in taxable income for families and $9,500 for singles. The cut translates into a $950 annual dividend for a family of four.

TAX-CUT FEVER IN THE HOUSE

New York Times
http://www.nytimes.com/2001/03/08/opinion/08THU1.html

Speaker Dennis Hastert's haste to ram a sweeping income tax cut through the House today is an effort to create momentum, if not a stampede, for President Bush's entire $1.6 trillion tax cut among conservative Democrats and wavering Republicans. But with his strongarm tactics Mr. Hastert is demonstrating that this tax cut will not stand close scrutiny. By pushing for an excessive tax cut that is overly generous to the wealthy before passing a budget — before even receiving a specific budget proposal from the White House —

Republican leaders are saying, "Vote now and think about the consequences later."

The proposed tax cut of nearly $1 trillion before the House today is planned as the initial part of a one-two punch. Cuts in the estate tax and the so- called "marriage penalty" are coming up next. Mr. Hastert has had to waive longstanding House rules that call for tax cuts to be taken up after approval of a budget resolution, so Congress has not seen the specifics of where Mr. Bush wants to cut spending. A budget document from the White House last week talks vaguely of "offsets" and "redirections" in spending, but provides no details that might give lawmakers pause.

Mr. Bush and his strategists are obviously trying to duplicate the successful strategy of President Reagan, who made his 1981 tax cuts seem unstoppable. They are especially trying to influence the Senate, where the tax cut lacks enough votes to pass right now. Twenty years ago, the Reagan White House won over many restive and sympathetic House Democrats. But this year conservative Democrats who call themselves "blue dogs" — a play on the old concept of blindly loyal "yellow dog" Democrats — are among those leading the charge against the Bush tax cuts. For example, Representative Charles Stenholm, a Texas veteran who voted for the Reagan tax cuts 20 years ago, is rightly offended at bypassing the budget process. Others point out that counting on budget surpluses to pay for tax cuts is like counting on the blizzard that never arrived in Washington this week.

The bill being pushed today by Representative Bill Thomas, a California Republican, would disproportionately benefit the wealthy. It would do nothing for almost half the taxpayers, those whose main federal taxes are payroll taxes that finance Social Security and Medicare. It would force heavy cuts in discretionary spending that many Republicans have already said they would not support. It would siphon money from the Medicare and Social Security trust funds, which the public opposes.

The House leadership's rush for action today makes a mockery of Mr. Bush's pledge for bipartisanship and respect for dissent. Cutting taxes without sound projections about the impact on other programs is tantamount to telling lawmakers not to look too closely because they might change their minds if they do.

CITIES SEEK BUSH'S HELP WITH PROBLEMS

USA Today
http://www.usatoday.com/news/washdc/2001-03-07-bushcities.htm

From youth violence to a prosperity gap, the USA's towns and cities are in trouble, and municipal leaders want President Bush to help fix them.

With a report out Thursday identifying six threats to America's communities, the National League of Cities is seeking to cash in on Bush's promise to unite the portion of America that is thriving with the portion that has been left behind.

"I take President Bush at his word, that he's reaching out and wanting to do what's best for America," says Detroit Mayor Dennis Archer, president of the group.

The group surveyed its members, mayors and other city officials, on community crises for a report that will be released at a news conference in Washington, D.C. About 75% of the U.S. population lives in the 18,000 cities represented by the organization.

Among findings:

The last decade's prosperity has bypassed many. Nearly two-thirds of officials surveyed say the economic boom benefited the wealthy more than the poor in their communities, or that gaps between the two have widened.
Cities are deteriorating. Officials name traffic congestion and crumbling infrastructure as the most crucial problems to address in the next two years; 89% cited a moderate to significant need for major roadwork.

Decent, safe housing is still hard to come by. Almost one-third of city officials report a serious shortage of affordable housing for low- to moderate-income families.

The report also cites as problems racism and a rise in the percentage of crimes committed by juveniles — despite an overall crime decline.

The report says cities struggle when environmental or other programs are ordered but not funded by the federal government.

The report proposes solutions for each problem, from cracking down on racial profiling to boosting federal aid to first-time or low-income homeowners.

On the heels of Bush's proposed tax cut, which city leaders say shortchanges domestic programs, the group wants to make sure their agenda gets heard on Capitol Hill. Some argue that the problems facing cities are too complicated to be solved with federal funding.

Archer, a Democrat, was a prominent figure in Al Gore's presidential bid. But the group hopes a non-partisan makeup will help cities at the budgetary table.

"The cities ought to be able to make a case that they have some very pressing needs, and that the federal government can help," says Benjamin Page, a political scientist at Northwestern University. "It's only fair to take President Bush's rhetoric about closing the gap seriously." Some say the cities have a better chance of swaying spending in a GOP administration if leaders focus on problems common to both the suburbs, where Bush carried majorities, and urban areas, where he amassed few votes.

"Politics obviously play a part in how an administration governs," says Bruce Katz, director of the Brookings Institution's Center on Urban and Metropolitan Policy. "There is not one answer as to how cities will fare under the new administration."

HOUSE DEMS: BUSH BUDGET CUTS SPENDING FOR HUD

CongressDaily
http://www.nationaljournal.com

House Democrats blasted President Bush's budget at a press conference Wednesday for using "fuzzy math" to claim that HUD will receive an increase in funding next year.

The Democrats, led by House Financial Services ranking member John LaFalce, D-N.Y., and Rep. Barney Frank, D-Mass., ranking member on the Community and Housing Opportunity Subcommittee, charged that the Bush estimate counted $3.6 billion in "phantom gains" to claim a 5 percent increase in HUD funding for FY02.

They said the $3.6 billion increase in Section 8 housing is the result of renewing expiring contracts and does not actually increase spending. According to the Democrats' calculations, HUD's budget will actually be cut $1.3 billion under the Bush plan.

"If anyone doubted that compassionate conservatism was an oxymoron, this housing budget confirms it," said Frank.

HARD RIGHT TURN BY BUSH, GOP FLATTENS DEMOCRATS

Los Angeles Times
http://www.latimes.com/news/timespoll/national/lat_congress010308.htm

WASHINGTON--President Bush came to power talking like a conciliatory centrist, but this week in Congress has shown him ready and willing to join Republican lawmakers in charging hard to the right.

With little pretense of reaching out to Democrats, Bush and congressional Republicans are flexing their political muscle in service of two core conservative aims--cutting taxes and rolling back regulations. In the process, they have used hardball political tactics that have left Democrats fuming.

With Bush's support, the House on Wednesday followed the Senate's lead and voted 223 to 206 to wipe out federal regulations to reduce repetitive stress injuries at work. In pressing the repeal, congressional Republicans deployed a little-used fast-track procedure that crippled the ability of Democrats and their labor allies to mount an effective fight.

Today, Bush and his congressional allies are poised to grab another legislative trophy: House passage of a $1-trillion tax cut bill. The measure--the cornerstone of Bush's overall tax reduction package--was whisked to the floor after scant committee review.

These aggressive tactics may not work in all cases for the GOP. The tax cut proposal, for instance, will move far more slowly in the Senate. But the week's events have provided an early glimpse of how far Republicans will go to seize any opportunity to press their agenda.

Such efforts are alienating even some conservative Democrats, once considered potential allies for Bush. "What we see is great cause for pause and concern," said Sen. John B. Breaux (D-La.), a leading centrist who has been courted by Bush.

Some Republicans also worry that the House's handling of the tax cut and workplace regulations could squander an opportunity to make good on Bush's promise to change Washington's partisan tone.

"If it was up to me, we'd be doing things differently," said Rep. Ray LaHood (R-Ill.). "This is not exactly the way to build good esprit de corps."

Indeed, if the last few days are any indication, Bush has made little progress toward thawing the thick hoarfrost that has chilled relations between the parties for years. There seems little trace of the coalition-building that led bipartisan majorities in the past to enact such major laws as President Reagan's massive tax cut in 1981, Social Security reform in 1983 or the balanced-budget act of 1997.

The exception may be on education, as a Senate committee appears on track to give bipartisan support today to key elements of Bush's reform plan. But the bipartisanship was maintained only by postponing action on the more contentious issues in the education debate, such as voucher payments that could be used for private school tuition.

The key to the GOP push for fast action on the ergonomics and tax cut issues has been rock-solid unity among the Republican rank-and-file. In taking advantage of GOP control of both the White House and Congress for the first time since the mid-1950s, the party so far has demonstrated extraordinary discipline.

To be sure, a few Democrats are expected to support the tax cut bill in today's House vote. And in both the House and Senate, a handful voted for overturning the ergonomics regulations.

But for the most part, Democrats are playing their own brand of hardball. Party leaders, for example, are using delay tactics to stall a bankruptcy reform bill that just months ago enjoyed broad bipartisan support. And the leaders have been working for weeks to keep their rank-and-file from straying to support Bush's tax cut.

It wasn't supposed to be like this.

When the year began with Bush pledging to change the partisan tone in Washington, some dismissed it as lip service. But there were some grounds to think it was not mere rhetoric. For instance, Bush had worked well in Texas with Democrats, who held great power in the state Legislature. And immediately after Inauguration Day, he brought dozens of congressional Democrats to the White House for friendly, get-acquainted meetings.

Ever since, however, it has become increasingly clear that behind Bush's bipartisan talk is an unyielding commitment to his agenda. He is trying to win Democrats not by offering to make changes to address their concerns, but by applying political pressure. He has spent the last two weeks traveling the country to push his tax cuts, concentrating on states where Democratic senators could face tough reelection fights in 2002. Those Democrats, in turn, are not amused.

"Congress is not going to be stampeded into rubber stamping his [tax cut] bill," said Sen. Max Baucus (D-Mont.), one of the potentially vulnerable incumbents.

By the same token, Baucus was one of six Democrats who broke with his party to join all 50 Senate Republicans in voting Tuesday to repeal the ergonomics regulations.

If anything, the week's developments raise a basic question about the relationship between Bush and congressional GOP leaders--namely, who is leading and who is following. The big push for repealing the ergonomics rules came from top Senate Republicans. The plan to put tax rate cuts on a fast track came from House GOP leaders.

Bush, however, made a point of publicly embracing both initiatives.

Thomas Mann, an expert on Congress at the nonpartisan Brookings Institution think tank, warned that Bush may have undone the goodwill he initially engendered among some Democrats.

"Bush has done more to dispel the era of good feelings by signing onto some very hardball maneuvers, signaling he has no intention of making any concessions on policy," Mann said.

But Bush's allies say that he is simply showing a strong commitment to his campaign promises--while continuing to hope he might eventually attract more Democrats.

"The president has said right from day one that he was going to fight for the tax plan on which he ran," said White House spokesman Ari Fleischer. "This is just the beginning . . . and we'll keep building support."

House Republicans have said expedited action on the centerpiece of the Bush tax cut--reducing income tax rates--is needed to speed relief to the ailing economy. And House Ways and Means Chairman William M. Thomas (R-Bakersfield) dismissed Democratic objections over the tactic as the predictable complaint of a minority party.

But some Republicans caution that acting so quickly undercut the conciliatory tone Bush set in his speech last week to a joint session of Congress. "I do believe our leadership missed an opportunity to build on Bush's terrific speech and reach out," said Rep. Fred Upton (R-Mich.).

On the ergonomics repeal, Republicans defended the way the legislation was handled by noting the issue had been debated repeatedly in the recent past. A measure to block the rules passed the House and Senate last year, but failed to clear Congress in time to prevent President Clinton from issuing the rules shortly before he left office.

"What's to talk about?" said Rep. Thomas M. Davis (R-Va.). "We've voted this before. This is a no-brainer."

Still, such explanations did little to assuage anger among Democrats. And in a telling example of the bruised relations between the parties, many House Democrats have decided to boycott this weekend a retreat held each year to build bridges of "civility" among lawmakers. "The [attendance] numbers are way down," said LaHood, one of the organizers of the retreat. "It doesn't bode well."

HOUSE SCRAPS ERGONOMICS REGULATION

Washington Post
http://washingtonpost.com/wp-dyn/articles/A35709-2001Mar7.html

Rarely has American business been as united in a cause as it was in trying to scuttle a stringent Clinton administration regulation to prevent workplace injuries, and rarely has it worked more closely with congressional Republicans to get what it wanted.

As a result of this confluence of interests and a new political alignment in Washington, the House yesterday followed the lead taken by the Senate less than 24 hours earlier and voted, 223 to 206, to kill the rule, which is aimed at curbing repetitive-motion injuries on the job. The measure now goes to President Bush, who has indicated he will sign it.

The swift action to overturn 10 years of work on the regulation underscores that, no matter how close the November election was, the balance of power has shifted dramatically in Washington. There is no longer a Democrat in the White House to veto Republican bills. There is a Republican president to sign them. So for groups such as business, there is new incentive to try what might have been impossible only a few months ago.

With this in mind, business organizations and GOP leaders seized the opportunity and mounted a surprise attack to get rid of the ergonomics rule, which President Bill Clinton endorsed last year despite business claims that it is unworkable and could cost $100 billion to implement. As lawmakers dusted off a little-used procedure to speed passage of a resolution revoking the rule, business groups mobilized -- with phone calls, e-mails and personal visits -- to bring pressure on lawmakers from both parties.

Every day for a week, at 6 p.m., business lobbyists met in the office of House Majority Whip Tom DeLay (R-Tex.) to discuss strategy, talk with lawmakers and count votes. At other times, they holed up in a "war room" in the Longworth House Office Building where, if they arrived early enough, they could munch on Hostess, Entenmanns and Krispy Kreme products baked by members of the American Bakers Association, one of the leading opponents of the rule.

Organized labor fought hard, too, but with less impact. An aide to one Democratic senator who voted against the rule reported receiving 10 phone calls from business people for each call he received from labor.

In a blitzkrieg that lasted less than a week, corporate America scored one of its biggest victories in years, and organized labor, despite its increased clout in political campaigns over recent years, suffered a major defeat.

Despite Democratic gains that produced a 50-50 split in the Senate and a narrower margin of GOP control in the House, Republicans demonstrated that they still control Congress, at least when they are more disciplined and united than Democrats. In the Senate, instead of a close vote Tuesday night reflecting the even party split, six Democrats bolted to join all 50 Republicans, producing a 56 to 44 victory for the GOP and its business allies. In the House yesterday evening, 16 Democrats, mostly from the South, joined 207 Republicans in voting for the measure.

All six Democratic senators who voted in favor of a repeal are from states carried by Bush. Three of them, Sens. John Breaux (La.), Blanche Lincoln (Ark.) and Ernest F. Hollings (S.C.), had voted last year for a proposal to cut off funding for finalizing the rule. Of the other three, two -- Mary Landrieu (La.) and Max Baucus (Mont.) -- are up for reelection next year in conservative-leaning states where business has more clout than unions. The sixth, Sen. Zell Miller (Ga.), has lined up with Republicans on many major issues.

"Business groups were emboldened by a Republican president in the White House, and this was the first chance they had to flex their muscles in Congress," said Jim Manley, a spokesman for Sen. Edward M. Kennedy (D-Mass.).

But even Republicans appear unsure whether the forces that combined to help them in the ergonomics struggle -- including the extraordinary cohesion among business groups -- would work as effectively on other issues such as Bush's tax cut plan.

"I can't think of another issue that was so important to business in so many states, and senators had to be cognizant that how they voted on this issue would be remembered for a long time," said a Senate Republican leadership aide. On many other issues, ranging from taxes to health care, corporate America often divides. But workplace rules "cut across all the lines in the business world," the aide said.

Some suggested that the vote might affect support for Democratic proposals to raise the minimum wage. Rep. Jack Quinn (R-N.Y.), a union ally, said the ergonomics vote was "the first real test" of strength on worker-related issues. But others, on both sides, questioned whether the two are related. "Democrats are solid" on the wage issue, said a Senate Democratic aide.

Business lobbyists and Republican leaders began gearing up shortly after Bush emerged as the winner in the November election.

House and Senate leaders began planning to use the Congressional Review Act to overturn the rule, orchestrating just how the votes would proceed. The legislative device, which was coauthored last year by Assistant Senate Majority Leader Don Nickles (R-Okla.) and then-Rep. David M. McIntosh (R-Ind.), gave Republicans a means to eliminate the rule, which was finalized in November by the Clinton administration and was set to go into effect in October.

As early as last week, Republican leaders in both chambers were quietly getting ready to launch the attack, planning a quick, successive vote that would leave little time for lobbying or second-guessing. "This was a two-way thing from the get-go, and we realized we couldn't win without the Senate voting first. We thought it was the best strategy if the Senate went first," said an aide in the House leadership office.

Meanwhile, business lobbyists went into high gear, realizing that labor had lost the clout it possessed during the Clinton administration and that a mechanism was now at hand -- the review law -- to get rid of the workplace rule that unions had worked so hard to get.

There already was a close relationship between key congressional opponents of the rule and powerful business groups that belong to the National Coalition on Ergonomics, and soon it became closer.

Some of the lobbying techniques were unusually creative. Timothy Hammonds, president of the Food Marketing Institute, which represents 22,000 grocery stores, delivered 22 frozen turkeys early yesterday to House members. All weighed more than 15 pounds each, the limit set by the ergonomics rule to avert back strain among workers. The six Senate Democrats who voted against the rule also got turkeys.

SENATE REJECTS BANKRUPTCY EXEMPTION FOR MEDICAL BILLS

Associated Press
http://www.cnn.com/2001/ALLPOLITICS/03/08/bankruptcy.ap/index.html

WASHINGTON (AP) -- Democratic opponents in the Senate are trying to temper bankruptcy legislation that would force many consumers to eventually repay their credit card and other debts instead of having them dissolved.

Their first attempt failed on Wednesday, when the Senate voted not to allow people seeking bankruptcy protection because of disastrous medical bills to have a better chance of erasing their debts in court than consumers filing for other reasons.

Senators voted, 65-34, to reject the exemption for medical debts from the bankruptcy overhaul legislation, which overwhelmingly passed the House last Thursday and is expected to be signed by President Bush if it reaches his desk.

The bipartisan bill was vetoed in December by then-President Clinton, who contended it would hurt ordinary people and working families that fall on hard times. It has been pushed by the banking, credit card and retail credit industries, while consumer groups and unions have opposed it.

The amendment exempting medical debts was proposed by Sen. Paul Wellstone of Minnesota, one of the Senate's most liberal Democrats and a leading opponent of the bankruptcy legislation.

"We know that in the vast majority of cases, bankruptcy is a drastic step taken by families in desperate financial circumstances and overburdened by debt," Wellstone said in debate before the vote. "We know that nearly half of all debtors report that high medical costs forced them into bankruptcy. This is an especially serious problem for the elderly."

A study published last May found that catastrophic medical bills play a significant role in personal bankruptcies, accounting for about 40 percent of the filings in 1999.

About 500,000 Americans filed for bankruptcy protection that year at least in part because of heavy medical expenses, according to the study.

The financial misfortune can befall people with health insurance as well as the uninsured because some insurance policies are inadequate, the survey of bankruptcy filings showed. It also found that seniors and women, as well as families headed by single women, were the groups in bankruptcy that were hardest hit by medical expenses.

But Sen. Orrin Hatch, R-Utah, chairman of the Senate Judiciary Committee, said Wellstone's amendment "unwisely creates two classes of debtors" and would establish an unfair loophole.

Spokesmen for major credit card companies didn't dispute the findings of the study by Harvard law professor Elizabeth Warren; Teresa Sullivan, dean of graduate studies at the University of Texas; and Melissa Jacoby, an attorney.

The spokesmen maintained, however, that the findings did not diminish the need for legislation making it tougher for those who can afford to repay their debts -- including medical bills, as well as credit card balances -- to dissolve them through bankruptcy.

The study examined bankruptcy filings in 1999 in eight federal judicial districts in California, Illinois, Kentucky, Ohio, Pennsylvania, Tennessee, Texas and Wisconsin.

Personal bankruptcies in this country reached a record 1.4 million in 1998, despite the strong economy, up more than 300 percent since 1980. But the rate declined to about 1.3 million in 1999 and 1.2 million last year, according to government figures.

AIDS DRUG BATTLE DEEPENS IN AFRICA

New York Times
http://www.nytimes.com/2001/03/08/health/08AIDS.html

JOHANNESBURG, March 7 — An Indian maker of generic drugs asked South Africa today to give it the right to sell eight AIDS drugs currently available only from their patent- holding multinational companies at high prices.

The announcement by Cipla Ltd. of Bombay, a large producer of drugs, opened a new front in the struggle over patented medications in a country, and continent, ravaged by AIDS and too poor to afford life-prolonging treatments.

South Africa has more people infected with H.I.V. than any other country on earth — roughly 20 percent of its adults carry the virus. But few can afford the $10,000 to $15,000 a year that is the normal cost of the AIDS regimen in the West.

Cipla's move came as a leading producer of anti-H.I.V. medicines, Merck, said it was slashing prices in South Africa and other developing countries on two important AIDS drugs in a developing price war.

It began last month when Cipla offered to sell drugs to South Africa and other governments for $600 a year per patient, or about $400 below the price offered by most big drug companies that hold the patents. But South Africa could take advantage of the offer only if it compelled the patent holders to license the drugs, for instance on the ground that in national emergencies, demand was not being met at fair prices.

In a letter to the Department of Trade and Industry today, Cipla said it was asking for a patent commissioner to grant this kind of compulsory licensing. Such a decision could give Cipla the upper hand in the African market.

The multinationals argued that they need high prices in order to carry out their research, even though the prices put the remedies out of the reach of millions of people with H.I.V.

The price cuts are welcome news to Africans, but even the much lower costs could overwhelm many countries, whose per capita incomes might be half of the annual drug cost. South Africa has not indicated at what price it would be willing to buy, and presumably it would rely on international donors to bridge the gap between the lower charges and its ability to pay.

AIDS developments have consumed South Africa this week. Thousands of banner-waving demonstrators have marched the streets demanding drug price cuts, and the big drug makers went to court to block a law that in their view undercuts patent protections. They contend the law gives the health minister too much power to allow cheaper versions of patented drugs. That case was postponed until next month, but pressures on the drug industry are growing.

Merck said today that it would make one of its major drugs, Crixivan, available at $600 per patient per year, and another, Stocrin, available for $500. They are taken in combination with other drugs as an H.I.V. cocktail. Merck said that at those prices, it would make no profits on the sales.

In the United States, Crixivan costs more than $5,000 per patient per year.

Other companies have also responded to the price pressures. Last month, GlaxoSmithKline P.L.C. said it would offer discounted drugs to employers and nonprofit groups.

Two weeks ago, the Bush administration agreed to continue the policy of not seeking sanctions against poor countries ravaged by the AIDS epidemic, even if American patent laws are broken, so long as the country abides by World Trade Organization treaties.

South Africa is riding a wave of international support after being pilloried for demanding low-cost drugs and neglecting expert opinion on the cause of AIDS.

"There's an increasing understanding that the epidemic has catastrophic implications in many developing countries," Julian Fleet, a senior adviser on law and ethics at the United Nations AIDS agency, said in a telephone interview from Geneva.

"Increasingly, governments in the North are realizing that mechanisms like compulsory licensing are tools that should be considered to make medicines more affordable," Mr. Fleet said. "There has certainly been a change in the last year to 18 months."

It has been the images of the dying, in part, that have forced the climate to change. In December, the United Nations reported that 25.3 million people in sub-Saharan Africa — the bulk of the world's infected — had H.I.V. or AIDS. Last year, 2.4 million in the region died of AIDS.

They are dying in flimsy metal shacks and in crowded hospital wards. Abandoned babies wither in the arms of strangers. Parents bury children. And relatives and friends, doctors and nurses, are unable to offer the medicines that could save thousands of lives.

In May five multinationals, backed by the World Health Organization and other United Nations agencies, offered to sell their components to poor nations at much lower prices. One was Merck.

Negotiations have gone slowly. To date, Uganda, Senegal and Rwanda have agreements. The companies refuse to say how much they are charging, but the cost of a typical cocktail in Senegal is $1,000 a year, according to the care agency Doctors Without Borders. Merck says it will now offer each of two AIDS drugs at roughly half that price.

If Cipla were to win a license, it would offer eight drugs and their combinations at an annual cost per patient of about $600.

Cipla officials, who have offered to pay royalties for the license, said that before they took their step today they asked several multinationals to grant the license voluntarily.

"We've had no concrete response from the multinationals to date," said Dr. Yusuf K. Hamied, chairman of Cipla, in a telephone interview from Bombay. "We have now decided it is best to approach the government. What we've offered is an opportunity to Africa. It's up to the Africans to take it up."

But the procedure to win a compulsory license can be slow and costly. Cipla must first file its request with the commissioner of patents, who will then hear arguments from both sides, said MacDonald Netshitenzhe, South Africa's registrar of patents in the Department of Trade and Industry. Such cases can take years.

Cipla's supporters, including officials at the Consumer Project on Technology, a Washington group started by Ralph Nader, note that drug company officials have repeatedly suggested compulsory licensing as a preferable alternative to the South African drug access law they will challenge in court next month.

That law, the drug companies say, is overly broad and would give the health minister too much power.

Several officials at the big drug companies today said they did not know enough about Cipla's decision to comment. Others said they would argue against the plan, saying South Africa has not taken advantage of the discounted drugs it has been offered. (South Africa argues that many of these offers are short-term and not explained in detail.)

"If they accuse us of abusing our patent position, we can only say that we have offered the governments of all developing countries preferential pricing," said Kevin McKenna of Boehringer Ingelheim Pty. Ltd. in South Africa, which produces the anti-AIDS drug nevirapine.

"The South African government has not yet come back to us in response to our letter, so I think we could hardly be accused of abusing our patent."

Officials at GlaxoSmithKline said that petitioning under South Africa's patent law "would be the appropriate course of action should Cipla feel that their request is justified." But they added that they did not know enough about Cipla's plans to comment further.

Jo-Anne Collinge, a spokesman for the Health Department, said government officials, too, were waiting to hear details about how Cipla planned to produce the drugs, the scale of production and the likely pricing. The government itself has never requested a compulsory license, even though it can under the law, because it feared retaliation from its Western trading partners, which threatened sanctions when the idea was debated a few years ago.

But Cipla's overture alone might force the drug companies to change, some experts say.

"Just the pressure of the possibility of this could be enough to force the pharmaceutical companies to really act," said Frederick M. Abbott, a government consultant who specializes in international trade law and intellectual property.

"The talk from the pharmaceutical companies about intending to provide low-cost pharmaceuticals goes back years, and every day this goes on, people die in South Africa," said Mr. Abbott, who is also a visiting law professor at the University of California at Berkeley.

"The necessity is not to have lawyers debating statutory language," he said. "The necessity here is getting drugs."

BIPAC WAITS TO SEE IF CAMPAIGN REFORM DEBATE GROWS SERIOUS

CongressDaily
http://www.nationaljournal.com

The Business-Industry Political Action Committee is adopting a wait-and-see approach to the upcoming debate over campaign finance reform despite opposing the reform proposals currently on the table.

"We've been talking about these issues for a decade," said Greg Casey, BIPAC's president and CEO, "and it has been a sound bite debate rather than a substantive debate."

Casey joined Sen. Mitch McConnell, R-Ky., at a news conference last week to call into question the impact of the McCain-Feingold legislation. Casey said that the bill "suffers from the curse of unintended consequences," in that it would federalize state and local fundraising rules and lower voter turnout by "limiting resources for voter identification, education and motivation."

In an interview Tuesday with CongressDaily, Casey acknowledged that the possibility of campaign finance reform passing in this Congress is "serious," pointing to the AFL-CIO's recent decision to oppose some provisions in the bill as evidence.

But Casey said he was urging BIPAC's board at this point to focus on whether the debate will be centered on "issues or politics." Casey emphasized that BIPAC is committed to campaign reforms such as requiring full disclosure of all funds and "indexing" hard dollar limits for inflation.

BIPAC does not believe the presence of more money in the political process leads to corruption, an argument made by Sen. John McCain, R-Ariz., in support of his campaign finance reform legislation.

Casey said the increase in money in the political process "results not from greed, but from the increased expense of informing an electorate that gets its information from increasingly diverse and expensive sources."

The current proposals also are more backward looking, which will make them obsolete in the next five to 10 years, according to other BIPAC sources.

They believe there is a shift in emphasis to grassroots organizing that is being aided by the rise in credibility of information on the Internet. Therefore, the ban on issue advertising in the legislation that McCain has offered with Sen. Russell Feingold, D-Wis., may have little practical effect down the road.

Although Casey says he--and BIPAC--will not take a "lead role" on campaign finance until he judges the seriousness of the debate, he condemned the "political grandstanding" of past debates and said that the "real tenets of reform have gotten swept away."

TRADING WITH THE ENEMY

By William Greider
The Nation
http://www.thenation.com

A new season of trade politics is under way among Washington insiders, with an astonishing twist: America's major multinational corporations are love-bombing labor and environmentalists. Leading business interests, it turns out, are not opposed to incorporating labor and environmental rights into new trade agreements after all. "These are important issues that cannot be ignored," the Business Roundtable announced, in a report speaking for about 200 of the best and biggest corporate logos, from General Motors to General Electric. The Emergency Committee for American Trade and the National Association of Manufacturers have been shopping a list of various labor-enviro measures they might support in upcoming trade negotiations. The Economic Strategy Institute, a think tank financed by steel, aviation, semiconductors, autos and other manufacturers, went much further. ESI published a scholarly study that argues labor-rights enforcement will actually generate greater economic efficiency in the global system and healthier development for poor countries.

This abrupt friendliness toward reform from its most stalwart industrial opponents represents meaningful progress for the popular forces that made their anticorporate coalition visible in Seattle. Alas, it is not the millennial consensus the corporates wish to depict. "The only whiff of sincerity," said Daniel Seligman of the Sierra Club, "is they sincerely want fast track legislation with minimum cost to their bottom lines." Lori Wallach, director of Global Trade Watch, described the business offensive as "a splash of green and blue paint" intended to get out of the political stalemate threatening further trade liberalization. "They've hit the political reality," she said. "It's slaying them."

The business motives clearly involve tactical politics, not some sort of ideological conversion, but we may at least pause to savor the new music. A year ago, all right-thinking experts discounted and ridiculed the new social movement as self-indulgent and destructive. "Luddite whackos," in the Wall Street Journal's memorable phrase. Economists and free-trade cheerleaders in the media condescendingly lectured the activists on how impossible it would be to incorporate "social" values into international agreements without wrecking the global economy. Besides, they scolded, don't you know such measures do the gravest harm to the struggling poor of the world? Now that global corporations are shifting to a more sympathetic line, one awaits a similar revisionism among their media camp followers. Or will the pundit class turn its fire on Boeing, Microsoft and others for caving to the Seattle rabble? More likely, the opinion-makers will blame the bleeding-heart agitators for again mucking up progress.

The important point is that, tactical insincerity aside, many US multinationals are implicitly retreating from an untenable intellectual position, as some business reps privately confirm. A central question raised by labor and others is, How can the trading system invoke penalties like tariffs to protect intellectual property rights or capital investors but insist this device would be illegitimate for labor rights and other human concerns? "There's no answer to that on intellectual grounds," one business-friendly thinker confided. "Businesspeople realize the debate has shifted, but they're trying to figure out how they can still preserve their position."

The intellectual concession is expressed most directly in the ESI's report Labor Standards in the Global Trading System, by Peter Morici, a neoclassical economist from the University of Maryland and former economics director at the US International Trade Commission. Arguing that poor labor conditions hamper long-term growth even though they may appear to have short-term advantages, Morici wrote that exploited labor in developing economies, including child labor and discrimination against women, "may be expected to reduce wages for less skilled workers in [their] domestic markets, increase exports and place downward pressure on the wages for competing workers in foreign economies." When freedom of association, the right to organize and other labor rights aren't protected, the annual savings in labor costs average more than $6,000 per worker, Morici estimated. These practices may attract low-end investments to a country's export zones but won't have much positive effect on economywide development, he wrote. "Lax enforcement of workers' rights encourages prolonged reliance on less-skilled, labor-intensive activities and does little to encourage economy-wide capital formation, the development of more advanced industries and long-term growth," Morici reported.

This analysis is a pretty good fit with what AFL-CIO president John Sweeney has been saying when he promotes "fairness" and new rules for the global system, though Morici is deriving his conclusions from standard economic theory as well as the accumulated evidence. The ability of some countries to gain advantage against foreign competitors by exploiting their workforces ultimately distorts the allocation of investment capital for everyone in the system and thus is inefficient, he explained. Thus, he said, the economic logic for enforcing labor rights through trade rules is identical to the World Trade Organization's justification for invoking penalties against, say, a government subsidizing its auto industry to gain illegitimate advantage over others. In both cases the consequences distort trade, for the same theoretical reasons.

"An international regime that permitted importing countries to embargo or impose tariffs on goods made with exploited labor would increase wages, speed development and increase growth in countries where labor is exploited," Morici concluded, "if these measures caused governments or producers to take corrective actions." If the offending nation refuses to take action on labor rights, that could make conditions worse for the exploited workers, he acknowledged, but the country would also lose markets for its exports. Thus, the downward wage pressures on competing workers in foreign countries would be reduced and the system as a whole would benefit by encouraging rising wages and maturing levels of development everywhere. This objective, of course, is precisely what motivates organized labor to seek enforceable labor standards worldwide-a position the press describes as "protectionist" when promoted by workers, but a "breakthrough agreement" for free trade when it is achieved by the corporations.

Most of the multinationals, one hastens to add, are not so enlightened as the ESI study and certainly not ready to consider enforceable sanctions. With the usual measure of cynicism, the corporations are angling for the right set of rhetorical concessions that will allow nervous politicians to vote for another open-ended round of trade negotiations while claiming they stood up for the virtues of labor and enviro rights. The vigorous new popular movement has at least made it more difficult to talk nice while caving in. Indeed, the vigilance of an energized grassroots can cut through the cynical ploys by educating people on the real content of what's occurring. In this case, the business orchestration seems to have been tripped up by its own allies. When business lobbyists took their list of innocuous proposals around Capitol Hill, they encountered intense objections from key Republicans, who evidently fear that even sounding friendly to labor rights and other human concerns is a slippery slope for business. If you say you support environmental rights in global trade, next thing you know, people might expect you to do something real. The business groups backed off.

"At least some parts of the business interests," Lori Wallach of Global Trade Watch explained, "have concluded that to get out of the rut, the standstill on further liberalization, they will need a fig leaf on labor and the environment. But there's still enough resistance among other business guys who say, hey, we don't even need a fig leaf." In any case, she added, the proffered list of possible compromises is ludicrous, since it mostly involves unenforceable provisions from old trade measures, like the NAFTA side agreements, that utterly failed to bring about any real progress, and so are unthreatening to business as usual.

US multinationals have two large targets of opportunity on this year's agenda: the so-called Free Trade Area of the Americas (FTAA), which would essentially expand NAFTA to cover the entire hemisphere; and the long-sought startup of a new negotiating round to expand the WTO agreement (an objective stymied at Seattle). In late April, Bush travels to Quebec to meet with other heads of state and presumably launch the FTAA negotiations (his second trip abroad, though still not overseas). The WTO's November meeting in Qatar is intended to launch its new round, though nations do not yet agree on the terms. Movement activists intend to stage their own, more colorful reunions in Quebec and Qatar.

Both corporate trade objectives face dicey prospects at best, given the divisions in Congress and opinion polls demonstrating the public's strong skepticism-the majority's fear that trade expansion deepens the inequalities between rich and poor and that the agreements have neglected concern for US workers, global labor standards and the environment. The first legislative hurdle for the Bush Administration is securing the fast track authority from Congress that would enable the United States to negotiate with a blank check-whatever agreement the Administration produces would come back to Congress for a simple up-or-down vote, no amendments or deletions allowed. Back in 1998 the labor, enviro and human rights coalition defeated Bill Clinton in the House on fast track, and it can prevail again this year if House Democrats maintain unified resistance. It's another big test for the Democratic Party but also for the new President, because both trade issues would consume a lot of his political capital.

The insider action now under way amounts to essential foreplay-turtles and Teamsters versus the Business Roundtable. Both sides are attempting to lock in the swing votes in Congress and thereby persuade the White House either to plunge ahead confidently with fast track or to back off and postpone, rather than damage the domestic issues that are higher priorities. Bush could theoretically skip the fast track authority and proceed to negotiate without it, hoping to build sector-by-sector support for the final terms. That approach would be a blow to corporate manhood likely to enrage business and finance constituencies. Either way, these trade issues pose real risks for Bush. The negotiations with Latin America will be especially tricky for him since the US side seeks concessions for the financial sector and other business interests, and to get them, it may have to toss American agriculture over the side. Developing countries are demanding greater US market access for their agricultural production, from grain and beef to citrus fruits and flowers.

If Bush goes ahead with fast track this year, it should provide a prime political test for the Seattle movement and a splendid mobilizing opportunity, since at this point neither side can count on the votes to prevail. In the House, there are always at least forty or more Republicans voting against trade measures, so Bush needs to round up a lot of Dems (the Senate is more disposed to support trade measures, though with the 50-50 tie the Democrats could certainly block fast track if they have the will to do so). Wallach and other head-counters for the green-blue coalition think their side may be marginally stronger this year, partly because Democrats won't have a Democratic White House squeezing them for pro-trade votes, but no one really knows.

Fig leaves do matter. Congressional members use them as convenient justification, even if they know the content is meaningless. Last year twenty-eight House Democrats who had opposed fast track voted with the corporate globalists for China's admission to the WTO. Their fig leaf was an amendment creating a special commission to monitor China's behavior on human rights and presumably to criticize its abuses. Yet after the China vote, the money for the commission was never appropriated. The much-touted commission still doesn't exist. This year, the business guys will have to come up with new and better fig leaves.

The Seattle movement, in other words, is gaining traction inside Washington politics, but does it have the power to go on the offensive and actually legislate its own agenda? Not yet and obviously not easily with a Republican President. But initial moves are under way to develop that capacity. A broad coalition is supporting a newly drafted "right to know" legislative proposal that would require US multinationals to collect and disclose vital data on environmental damage and workplace conditions in their overseas production-including the subcontractors and suppliers where the most abusive practices typically occur. The information would flow not just to Americans but to the workers and communities in foreign countries where the damage is done. Citizens and civic organizations would be empowered to sue violators and collect damages [see Greider, "Global Agenda," January 31, 2000].

The proposal is deliberately modest, a first step that sets no standards or trade penalties but is designed to demonstrate that Congress can (and regularly does) legislate terms for the behavior of US multinationals elsewhere in the world. Most of the reporting requirements are parallel to what US companies already must do at home-the toxic-release reports to communities required by the EPA, the workplace injuries and deaths reported to OSHA, the status of workers' rights and core labor standards in their factories. On human rights, corporations would be required to report their security arrangements with state police and the military, as well as the complaints of abuse from local communities. Collectively, the information would provide a new window on the nature of globalization and also greater capacity for international activists to confront the conditions, company by company.

Some 180 civil organizations have endorsed the proposal and are shopping for co-sponsors in Congress. Support includes the AFL-CIO, the Natural Resources Defense Council, Amnesty International, Oxfam America, Global Exchange, the International Labor Rights Fund, the Lawyers Committee for Human Rights and many other leading advocates of reform. David Waskow, the international policy analyst at Friends of the Earth, said, "People are very excited about having some kind of proactive opportunity. People are still ready to fight it out on the trade stuff, but they also want something where they can say yes."

Getting to yes-the constructive and thorough reformation of the global system-is a long way off, of course. But it does help to know there's forward movement.