

NEWS UPDATE - February 27, 2001

In the News...

- CONSUMER PROTECTION – PROGRESSIVE CAUCUS PRESSURES DEMOCRATS, CONGRESS TO REJECT BANKRUPTCY BILL: CongressDaily reports on the Progressive Caucus's letter to Minority Leader Dick Gephardt asking him for help in rounding up Democratic opposition to the bankruptcy bill, written and paid for by the credit card and banking industries. The bill, which strips consumers of most debt protections, is opposed by most major Democratic constituencies (ie. the AFL-CIO, womens groups and minority groups). It has also been criticized by the leading association of bankruptcy judges. The Progressive Caucus will mount a challenge to the bill, which comes to the floor on Thursday, by addressing the Democratic Caucus on Wednesday and fighting for an alternative in the rules committee.
- ENERGY – WILD-EYED FIGHT TO DRILL IN ARTIC BEGINS: 'BIPARTISAN' BILL MADE UP OF ALL REPUBLICANS AND (SURPRISE) JOHN BREAUX: The Washington Post reports that Senate Republicans yesterday introduced their energy bill, which allows environmentally-hazardous drilling in the Arctic National Wildlife Refuge, provides huge tax breaks to oil companies to increase production, and patently ignores any conservation efforts – no doubt pleasing the oil industry. The only Senate Democrat to sign onto the bill was New Democrat John Breaux, who has banked more than \$262,000 from the oil and gas industry.
- ENERGY – GOP BILL IS MULTI-BILLION DOLLAR PAYBACK TO BIG OIL: Friends of the Earth reports that the GOP energy bill is a "gigantic payday for fossil fuel and nuclear industries" citing "\$400 million in subsidies the first year that would balloon to more than \$10 billion over 10 years while targeting the sensitive ANWR for drilling."
- ENERGY – GOP BILL AUTHOR RAKES IN CASH FROM ENERGY INDUSTRY: Congressional Quarterly reports that "Senator Frank Murkowski, who unveiled his energy legislation Monday morning, served as the honorary chairman of a political action committee that raised thousands of dollars from electric utility executives and lobbyists," who are making millions off of the ongoing energy price crisis. As the article states, the PAC is run by Murkowski's former staff director at the Energy and Natural Resources Committee, who "is now a lobbyist for at least eight energy-related companies."
- TAXES – POLL SHOWS MORE THAN 6-IN-10 DO NOT SUPPORT BUSH TAX PLAN: The Associated Press reports on an ABC News poll that shows more than 6 in 10 do not support the fiscally irresponsible GOP tax plan.
- FOOD SAFETY – FOREIGN IMPORTERS WILL REJECT U.S. GENETICALLY ENGINEERED WHEAT: The Washington Post reports that many major importers of American wheat will reject the crop if it is found to be genetically engineered. Recently, Monsanto announced that it would be aggressively pushing its new GE wheat onto the market.
- LABOR – BATTLE OVER WORKPLACE PROTECTIONS LOOMING: The Wall Street Journal reports that "manufacturers and labor unions are launching competing lobbying efforts this week over a campaign to use the Congressional Review Act to nullify" ergonomics regulations that protect laborers in the workplace.
- POLITICS – FORGET QUESTIONS ABOUT WHY VOTERS ARE APATHETIC – WHAT ABOUT THE SUP. COURT?: The Wall Street Journal reports that the Supreme Court ruled in favor of not attending the State of the Union address tonight. As the article states, "some justices think the event is boring."
- SOCIAL SECURITY – DON'T BE FOOLED BY EUPHEMISMS: Reuters reports that "President Bush will advocate" for the creation of "personal accounts" (aka. Privatization) as part of Social Security in his address tonight.

From the Editorial Pages...

- TAXES – 'TYCOON' CABINET TO MAKE MOST FROM BUSH TAX PLAN: Julian Borger of the Guardian of London notes how "the richest Cabinet in history would benefit from the Bush tax plan." As he notes, "the cabinet is a veritable tycoons' club with seven of its members owning assets worth more than \$10 million" including Treasury Secretary Paul O'Neill, who last year alone made \$56 million, yet said he "thinks it is really corrosive to have an argument about the rich and the poor."
- TAXES – IS IT LAZINESS OR AN ATTEMPT TO HIDE HARSH REALITIES?: Boston Globe columnist Tom Oliphant derides Bush for releasing "not a budget or a program" but "an outline" that "is of no substantive consequence." As he says, the President's "abdication asks Congress to do the real work for him."
- DRUG POLICY – CUT OFF PROBLEM AT THE SOURCE: The New York Times urges President Bush to not focus on drug policy that stresses punishment, but on one that targets the real problem: the desire to buy drugs in the first place.
- WORKER RIGHTS – CORPORATIONS MUST PAY MORE THAN LIPSERVICE TO SWEATSHOP PROBLEM: Dara O'Rourke of MIT urges companies like Nike, who now admit they have a sweatshop problem, must listen to workers in order to remedy the situation.

Quote of the Day...

"Big oil doesn't need a tax break."

- GOP Senator Frank Murkowski on the same day he introduced a bill providing billions in tax breaks to oil companies (DJ News, 2/26)

In the News on February 27, 2001

PROGRESSIVES URGE OPPOSITION TO BANKRUPTCY OVERHAUL BILL

Congress Daily

<http://www.nationaljournal.com>

The Congressional Progressive Caucus, which claims 53 members, has urged House Minority Leader Gephardt to be aggressive in encouraging Democrats to oppose major bankruptcy reform legislation, which is slated to come to the floor Thursday.

In a letter sent to Gephardt Monday, members of the Caucus wrote, "We believe that there is no principled reason for members of the Democratic Caucus to support this legislation, although we are aware that many of our colleagues do."

They added, "We believe that if Democratic leadership encourages Democrats to take a fresh look at a bill President Clinton pocket-vetoed, more Democrats will see [it is] not in the interests of the American people, whom Democrats have always strived to protect."

The House approved a bankruptcy conference report last year on a voice vote. The last recorded vote in the House on a similar bankruptcy measure was in 1999, when the measure was approved 313-108. Gephardt was absent for that vote.

SENATE GOP BILL PROPOSES ARCTIC REFUGE DRILLING

Washington Post

<http://www.washingtonpost.com/ac2/wp-dyn/A58709-2001Feb26>

Senate Republican leaders introduced an energy bill yesterday that would allow oil drilling in Alaska's Arctic National Wildlife Refuge and provide billions of dollars of tax incentives and spending to boost domestic energy production.

The proposal embraces most of the energy goals that President Bush outlined during his campaign, including incentives for increased domestic production, electricity regulatory reform and oil and gas exploration in the Arctic refuge. A Cabinet-level energy task force headed by Vice President Cheney is working on specific proposals that are likely to overlap with many of the provisions in the GOP bill, according to lawmakers and administration officials.

At a news conference announcing the legislation, Senate Majority Leader Trent Lott (R-Miss.) described energy shortages and volatile gasoline and natural gas prices as "perhaps the greatest threat to our future economic prosperity."

Sen. Frank H. Murkowski (R-Alaska), the chairman of the Senate Energy and Natural Resources Committee and chief author of the bill, added, "At no time in our history have we really relied upon others for more of our energy supplies while producing a smaller percentage of the energy that we consume."

The legislation is already drawing fire, however, from many Democrats and Republicans and leaders of environmental groups who oppose the proposal for exploratory oil and gas drilling along the coastal plain of the Alaskan refuge, a pristine 19 million-acre territory.

Although Lott predicted that the Senate would act on a comprehensive energy bill this summer, Sen. John F. Kerry (D-Mass.) has vowed to lead a filibuster to block any legislation that would open the Arctic refuge to drilling. In the House, a bipartisan group of nearly 120 lawmakers led by Reps. Edward J. Markey (D-Mass.) and Nancy L. Johnson (R-Conn.) will introduce legislation on Wednesday to grant the refuge wilderness status, putting it off limits to drilling.

A House GOP leadership aide acknowledged yesterday that President Bush lacks sufficient support in the House to pass legislation permitting drilling in the territory.

Administration officials and Republican congressional leaders say Congress must move quickly to reduce the country's dependence on foreign oil. They predict that pressure for action will mount this summer if power shortages and blackouts like those in California spread to other states.

The Republican bill sets the goal of reducing oil imports to 50 percent of U.S. oil demand by 2010. The United States now imports 56 percent of the oil it consumes.

It would provide new tax and regulatory incentives to companies for oil and natural gas production and to power plants that use modern technology to burn coal more cleanly. It also would expand programs to help low-income families cope with high energy bills, provide consumers with new tax incentives for using renewable energy sources such as wind and solar power and tax breaks for buying ultra

energy-efficient cars, homes and appliances.

An earlier draft included a tax break for major oil companies, but it was dropped from the final version in a bid to hold down the overall price tag. Murkowski declined to estimate the cost until the Joint Committee on Taxation completes an analysis, but Taxpayers for Common Sense, an independent budget watchdog group, yesterday pegged the cost of the proposed tax breaks and spending at about \$20 billion over 10 years.

The new fuel assistance program for low-income families would cost \$1 billion annually.

The bill would speed up licensing of hydroelectric power plants and allot nearly \$100 million to support expansion of nuclear power plants. It would provide tax subsidies for small oil and gas producers and faster tax write-offs for coal-burning power plants and refineries. It also would expand high-voltage electric power grids.

Energy Secretary Spencer Abraham applauded Murkowski for moving quickly with the energy legislation. Concerned that the debate over energy policy may be dominated by the fight over oil and gas exploration in the Arctic refuge, Abraham stressed that the administration was looking in other areas as well to boost production.

"Anybody who thinks that [the administration's] task force focus will be exclusively on federal lands or on ANWR [Alaska National Wildlife Refuge] specifically misunderstands what we're trying to do," he said.

While Republicans and Democrats agree on the need to address energy policy, the two parties are far apart on how to proceed. House and Senate Democrats say they have no immediate plans for countering Murkowski's bill and instead will offer a series of short-term solutions, including expanding the availability of federal heating assistance to low-income families and some businesses.

ENERGY BILL IS MULTI-BILLION DOLLAR PAYDAY FOR INDUSTRY, GROUP SAYS

Friends of the Earth

<http://www.commondreams.org/news2001/0226-10.htm>

WASHINGTON - February 26 - Friends of the Earth (FoE) sharply criticized the Senate Republicans' energy bill today as a gigantic payday for fossil fuel and nuclear industries, citing \$400 million in subsidies the first year that would balloon to more than \$10 billion over 10 years. The bill, introduced by Sen. Frank Murkowski of Alaska, also targets the sensitive Arctic National Wildlife Refuge (ANWR) for drilling.

"This is a pollution maximization bill," said FoE president Brent Blackwelder. "Opening the Arctic Refuge to drilling is the most prominent outrage, but the bill is also a gravy train for the dirtiest industries, granting huge subsidies, tax breaks and regulatory exemptions."

"This is just another blank check to add to the \$2.6 billion the fossil fuel and nuclear energy industries get from American tax payers every year," said Blackwelder. "Fifty years and more than \$100 billion of subsidies to fossil fuels and nuclear power have led us to where we are now-energy companies with windfall profits and consumers out in the cold."

FoE notes that the tax code is already riddled with special exemptions and loopholes, citing the percentage depletion allowance of \$600 million annually intangible drilling costs for a tidy \$480 million, and a "non-conventional fuels" production credit for \$1.4 billion a year. The group says that tax subsidies for the oil and gas industry cost about \$2.6 billion each year.

"The answer to the current energy crisis is the same it has always been -- reduce our use of energy through greater efficiency and invest in clean, renewable energy sources," said Blackwelder.

HIGH POWERED

Congressional Quarterly

http://www.cq.com/common/document_display.jsp?file=/editorial_access/news/scoop_text.html

Sen. Frank Murkowski, R-Alaska, who unveiled his energy legislation Monday morning, served as the honorary chairman of a political action committee that raised thousands of dollars from electric utility executives and lobbyists last year.

The PAC, Americans for Sound Energy Policy, was run by Gregg Renkes, a former staff director of the Senate Energy and Natural Resources Committee. Renkes is now a lobbyist for at least eight energy-related companies, according to lobbying registrations filed during 2000.

Funding for the PAC came from employees of Southern Co., Anadarko Petroleum Corp. and Texas Utilities Co., in addition to Alaska-based donors. The PAC raised about \$145,000 and distributed \$65,000 to Republican candidates for the House and Senate. Renkes said

the PAC was not tied to specific energy legislation, but that the group generally supports "achieving energy policies grounded in free markets and less government intrusion."

The PAC's efforts had mixed success: 11 of its recipients lost their Senate races, though one, Sen. Spencer Abraham of Michigan, parlayed his defeat into a job as Energy secretary. The lone House recipient, Republican James V. Hansen of Utah, chairs the Resources Committee.

POLL: MORE PREFER SMALLER TAX PLAN

Associated Press

<http://www.nytimes.com/aponline/national/AP-Bush-Poll.html>

WASHINGTON (AP) -- President Bush is trying to sell Congress on his budget that includes a \$1.6 trillion tax cut over 10 years, but he hasn't yet sold the American people on the across-the-board tax cut, a new poll suggests.

More than half in the poll say they would prefer a smaller tax cut targeted to middle-income and lower-income people to the across-the-board tax cut.

The ABC News-Washington Post poll released Monday night said just over four in 10 prefer the large, across-the-board tax cut approach.

When they were asked who would mainly benefit from the Bush tax plan, about half said upper income, while a third said all would benefit equally. The remainder said lower income, middle income or had no opinion on the question.

People were evenly split on whether the \$1.6 trillion tax cut proposed by Bush would leave enough money to keep the federal budget balanced and provide enough money for programs such as Social Security, education and health care.

The president will use an address Tuesday night to a joint session of Congress to introduce his budget plan, which includes the across-the-board tax cut.

About one in five Americans said the top priority for the federal surplus should be tax cuts, about the same as said that about Social Security and slightly more than said that about reducing the debt. A third said the money should be spent on domestic programs such as education and health care.

Just over half, 55 percent, said they approve of the way Bush is handling the job of president, compared with 59 percent who gave a positive rating to former President Clinton. Bush's approval rating also is a bit lower than the endorsement granted most new presidents over the last 50 years.

Bush's approval was slightly lower than Clinton's 63 percent early approval ratings in this poll, though the two had similar early ratings in other polls.

People were about evenly divided on whether congressional hearings should be held into the pardons Clinton granted as he left office. And they were also evenly divided on whether a criminal investigation was warranted.

The poll of 1,050 adults was taken Wednesday through Sunday and has a margin of error of 3 percentage points.

GENE-SPLICED WHEAT STIRS GLOBAL FEARS

Washington Post

<http://washingtonpost.com/ac2/wp-dyn/A60222-2001Feb27>

Agricultural scientists have developed the first genetically engineered variety of wheat designed for sale to farmers, stirring intense controversy around the globe years before it is expected to come onto the market.

The wheat, produced by the biotechnology giant Monsanto, has been spliced with a gene that protects it from Monsanto's powerful and popular herbicide Roundup, allowing farmers to kill weeds efficiently without harming their crop. Monsanto says it will be ready for farmers within two to four years, and the company estimates it will increase crop yields by \$6 to \$11 an acre.

The company hopes the wheat will also lead to other engineered improvements to one of the world's oldest and most important crops, but the international reaction illustrates just how contentious and unpredictable genetically engineered crops have become.

As news of Monsanto's wheat has spread, buyers from Japan to Europe and Egypt have told U.S. exporters that their consumers will not accept genetically modified wheat because of general fears about possible harm to the environment and human health from engineered crops. Some have said that the wheat's very presence on American farms could threaten future purchases of all U.S. wheat. Half of all

American wheat is exported, accounting for \$3.7 billion in sales and almost 20 percent of all agricultural commodities shipped abroad in 1999.

"We may in the future have a biotech wheat that the world does want," said Darrell Hanavan, chairman of a joint wheat industry committee on biotechnology. "But we need to proceed now under the assumption that some markets won't want it anytime soon. And the challenge will be to make sure that buyers and their customers get exactly what they want."

In an effort to respond to these concerns, Monsanto has agreed to an unprecedented wheat industry request to put in place a system to strictly segregate the modified wheat before it is ever sold to farmers or even approved by regulators. The company has also agreed generally to promote wheat biotechnology to buyers and consumers abroad.

"Some farmers do have concerns about the market for our wheat, but many really want it," said Monsanto spokesman Mark Buckingham. "Farmers need to make improvements and reduce costs, and farmers know our technology can provide that . . . We want to be frank and open because in the current atmosphere, it's very easy for misconceptions to arise."

About 55 percent of U.S. soybeans and 25 percent of corn harvested last year were genetically engineered. Development of genetically modified wheat has lagged behind other crops because it is a more complex plant, made from the union of three wild grasses that have been improved by farmers over the millennia. Rights to wheat varieties are often publicly owned, which can make them less desirable to profit-making companies.

Since last year's Starlink corn debacle -- in which an engineered corn only approved for animal consumption inadvertently made it into the human food supply -- already negative attitudes in major foreign markets about genetically modified foods have intensified.

The result is that unlike the American corn and soybean industries, which quickly embraced biotech products in the mid-1990s, many in the wheat industry are approaching biotechnology now more as a challenge to surmount than an immediate opportunity to exploit. That wheat has an unusual emotional resonance for many people stemming from its use in bread, the ancient "staff of life," just adds to the challenge.

"Monsanto's wheat can definitely be a real benefit to the producers and our country," said Phil Isaak, a board member of U.S. Wheat Associates, the national organization that promotes American wheat exports for growers. "But unless we get worldwide public approval of it, we have to take the position of resisting release for commercialization."

Critics of biotechnology call the worldwide debate over genetically modified wheat a positive development, and are pleased it is happening well before the crop is actually introduced. While major U.S. scientific organizations have generally found that current genetically engineered crops pose no danger to the environment or human health, opponents argue that taking genes from one kind of plant or animal and inserting it into another could have unforeseen long-term consequences.

"It is a very healthy thing for people to be asking now if we really need this wheat, if it's wise to release it and whether it will benefit people who need help," said Margaret Mellon of the Union of Concerned Scientists. "This has never happened before with a major product of biotechnology."

Monsanto's wheat is being tested in greenhouses in the upper Midwest and bred into local varieties. Company officials say they are in no rush to introduce Roundup Ready wheat, and will bring it onto the market gradually when they do. The company has asked for Environmental Protection Agency approval to add wheat to the approved list of crops for its Roundup herbicide, but has not yet approached two other federal agencies.

Industry and company officials said they hoped to devise a segregation system for engineered wheat -- which would parallel those already in place for some special conventional varieties -- by year's end.

Montana wheat farmer Frank Elling said he would be happy to use Roundup Ready wheat if he was certain customers would accept it. But his Pacific Rim buyers have made their reservations known, and Asian governments have taken dramatic steps in recent years to reject shipments of genetically modified crops.

Japanese officials, for instance, turned back a boatload of corn last year suspected to contain the Starlink variety, and Thai officials did the same with a shipment of wheat 18 months ago. In that case, officials concluded that the American wheat had been mixed with small amounts of engineered corn while being transported from the West Coast.

Similar messages of concern have been coming in to the 17 international offices of U.S. Wheat Associates, the American export marketing group. A letter from Tsutoma Shigeta of the Japan Flour Millers Association said, for instance, that "Japanese consumers are highly suspicious and skeptical about safety of [genetically modified] farm products which may be hazardous to human health and environment. Under the circumstances, I strongly doubt that any bakery and noodle products made of [modified] wheat or even conventional wheat that may contain [modified] wheat will be accepted in the Japanese market."

Jef Smidts of the Dutch wheat supplier Andre & Cie wrote even more bluntly, "[Genetically modified] wheat for sure will be a market

destructor." Because of such concerns, legislators in Montana and North Dakota have introduced bills to place a moratorium on the use of genetically engineered wheat.

Val Giddings, vice president for food and agriculture for the Biotechnology Industry Organization, said he has heard similar concerns, but that he believes the "perception of resistance is substantially greater than the reality is likely to be.

"Monsanto has recognized and is acting on the understanding that some folks want to have more input into this product," he said. "They are trying to do this in an open and transparent way, and that is not without risk."

MANUFACTURERS AND LABOR UNIONS BEGIN A FACE-OFF OVER NEW ERGONOMICS RULE

Wall Street Journal

<http://interactive.wsj.com/articles/SB983232964957713071.htm>

WASHINGTON -- Manufacturers and labor unions are launching competing lobbying efforts this week over a campaign to use the Congressional Review Act to nullify a controversial ergonomics regulation.

With Republican legislators expected to introduce a resolution to kill the regulation in the Senate as early as mid-March, both sides are kicking off letter-writing and phone campaigns and constituent visits to key offices on Capitol Hill over the next few days. Manufacturers from across the country plan to visit their congressmen and ask them to support the resolution, as part of an annual lobbying trip to Washington beginning Tuesday. The AFL-CIO will hold a protest to oppose the resolution Wednesday, during a speech by Vice President Dick Cheney before the National Association of Manufacturers.

The face-off over the act -- which was introduced in 1996 but has yet to be applied -- not only will determine the fate of the ergonomics regulation but also could influence future efforts to draw up rules; under the act, if Congress were to nullify the ergonomics rule, its promulgator, the Labor Department's Occupational Safety and Health Administration, would be prohibited from implementing a new ergonomics rule that is "substantially similar."

The Clinton administration passed the ergonomics regulation in its final days, setting workplace standards on repetitive motions. Labor unions have long pushed for the rules to protect against repetitive-motion injuries in the workplace, but business groups say the basis for the regulation is unscientific and that implementation would be prohibitively costly.

Republicans, led by Sen. Don Nickles of Oklahoma and Sen. Michael Enzi of Wyoming, could introduce a resolution to disapprove the ergonomics standard in the Senate "in the next few weeks," says Coy Knobel, Sen. Enzi's press secretary. Under an expedited review process, a simple majority of senators would need to approve the action within 60 session days of the regulation's promulgation on Jan. 16, giving the Senate until approximately mid-May. OSHA has said it will not begin enforcing the ergonomics rule until Oct. 15.

JUSTICES SAY BUDGET SPEECH

<http://interactive.wsj.com/articles/SB983235618564566425.htm>

Wall Street Journal

WASHINGTON -- The U.S. Supreme Court, in an 8-1 decision, has decided to skip President Bush's State of the Union-styled budget speech Tuesday night.

For years, High Court justices were regular fixtures at the annual State of the Union address. Last year, the court created a stir when none of its justices attended, citing a plethora of excuses (too sick, out of town). This year will apparently see a continuation of that trend, with only Justice Stephen Breyer expected to attend.

Court officials say the Justices' December foray into the Florida elections has nothing to do with the decision to bypass the Bush speech. Instead, they point to a more mundane, albeit understandable, reason: Some justices think the event is boring.

Others, including John Paul Stevens and Antonin Scalia, think it is too partisan. "The reason I go less and less is quite simply that I do not feel comfortable there," Justice Scalia told a Rotary Club audience in Honolulu last February.

BUSH TO SEEK SOCIAL SECURITY 'PERSONAL ACCOUNTS'

http://dailynews.yahoo.com/h/nm/20010226/pl/bush_retirement_dc_2.html

Reuters

WASHINGTON (Reuters) - President George W. Bush (news - web sites) will advocate allowing workers to invest part of their Social

Security taxes in personal accounts when he gives his first speech to a joint session of Congress on Tuesday, White House officials said.

“He will get into the reasons for creating personal accounts,” a senior White House official said.

Such “personal retirement accounts,” as advocated by Bush during his presidential campaign last year, would allow workers to invest a portion of their payroll taxes in stocks or bonds with an aim toward capturing historically higher returns earned by such investments.

Another aide said Bush’s budget proposal to Congress on Wednesday would outline plans to set aside a fund close to \$1 trillion that could be used to finance the accounts.

Part of the money would come from tapping a \$600 billion portion of Social Security retirement system surpluses anticipated over the next 10 years. The rest would come from surpluses in the general budget.

The Washington Post reported in Tuesday editions that Bush would appoint a high-level commission to try to forge consensus for the controversial idea.

This strategy would allow the Bush administration to build momentum for the entitlement reforms and buy time for the education and tax proposals that he has asked lawmakers to adopt first, the Post said, quoting administration officials.

A key Democrat said on Monday that all of the Social Security surpluses should be used to pay down debt.

“They’re talking about raiding the Social Security trust fund to fund privatization in part. That’s double-dipping. That’s double-counting. That’s exactly what’s going to get us into trouble,” North Dakota Sen. Kent Conrad (news - bio - voting record), the ranking Democrat on the Senate Budget Committee, told reporters.

State Of The Union-Style Speech

Bush told reporters on Monday that he planned to talk about Social Security in his State of the Union-style speech to Congress on Tuesday.

His budget director, Mitch Daniels, said on Sunday that Bush would say problems in the Social Security and Medicare systems “won’t wait,” and that action was needed “right away.”

White House Chief of Staff Andrew Card said on Sunday that of \$2.6 trillion in anticipated Social Security system surpluses over the next 10 years, \$2 trillion would be used to pay down debt.

The rest would be used to help fund the Social Security personal accounts, aides said on Monday.

Former President Clinton (news - web sites), in the last two years of his presidency, also proposed a form of partial Social Security privatization.

Under his plan, the government would have invested up to \$700 billion in equities through private managers, with the money to come from surpluses in the non-Social Security portion in the budget.

But he shelved the plan in May 2000, leaving Democratic presidential candidate Al Gore (news - web sites) a clear field to attack Bush’s campaign proposal as a threat to the retirement system.

Gore said Bush’s plan, which proposed allowing individuals to set aside about 2 percent of payroll taxes in accounts they would manage privately, would divert money from the Social Security system and threaten future benefits.

On the Editorial Pages on February 27, 2001

RICHEST CABINET IN HISTORY WOULD GAIN FROM BUSH TAX CUTS

By Julian Borger

The Guardian of London

<http://www.guardian.co.uk/guardian>

The Bush administration's generous tax-cut plans were put into perspective yesterday when it was reported that the new treasury secretary, Paul O'Neill, earned more than \$56m last year as chairman of Alcoa Inc, the giant aluminium corporation.

Mr O'Neill, much of whose income came from exercising share options, should feel at home in the Bush cabinet, which is by far the wealthiest in US history.

The cabinet is a veritable tycoons' club with seven of its members owning assets worth more than \$10 million. Eleven of the remaining 12 are millionaires. The pauper in their ranks is the agriculture secretary, Ann Veneman, whose property's minimum value is only \$680,000, but then again under favourable conditions, her net worth could be as much as \$2m.

The president has assets valued at \$11m-\$21m, including a sizeable Texas ranch. Much of that money was made while he was a manager and shareowner of the Texas Rangers baseball team, which benefited greatly from state funding of its stadium.

Twelve of the US cabinet would qualify as millionaires in pounds sterling. Among their British counterparts only the Lord Chancellor, Derry Irvine, could hold his own in such monied company.

The figures, which were revealed in financial disclosure forms submitted to the US Office of Government Ethics, are especially striking in view of the new administration's \$1,600bn tax-cut proposal, which Mr Bush has set out to sell to a generally sceptical American public.

As part of that sales pitch, Mr Bush introduced an "ordinary" couple, Paul and Debbie Peterson, who he said would stand to gain \$1,100 a year from the plan to cut taxes. However, the president did not mention that, on the basis of its latest tax returns, the Bush family would benefit by up to 60 times that amount, according to a calculation published in the Wall Street Journal.

Under the plan, tax rates on top earners would drop from 39.6% to 33%, while the lowest rate would be brought down from 15% to 10%.

However, many low-earning families would hardly benefit at all, because they already benefit from Clinton-era tax credits designed to help the country's working poor.

The US Census Bureau estimates that 3.7m US households suffer from hunger as a result of being unable to afford to buy basic food items. Many more, about 9m households, have "uncertain access to food".

The agriculture department reported last year that up to 12m people, including a million children, are eligible for food stamps but are not receiving them because of red tape, lack of information or family pride.

Meanwhile, families at the Bush-O'Neill end of the scale will not only benefit from income tax cuts if the Bush plan gets through congress unaltered. The proposals include the elimination of inheritance tax, which affects only the wealthiest 2% of the population with more than \$1.35m to leave their children. The Republicans have dubbed it the "death tax".

The Wall Street Journal calculated that all but three of the Bush cabinet were rich enough to benefit from the abolition of the tax.

Richest six in cabinet of tycoons

George Bush, president: \$11m-\$21.6m

Dick Cheney, vice-president: \$19.3m-\$81.7m

Paul O'Neill, treasury: \$62.8m-\$103.3m

Donald Rumsfeld, defence: \$61m-\$242.5m

Colin Powell, secretary of state: \$19.5m-\$68.9m

Mitchell Daniels, budget: \$18.1m-\$75.3m

BUSH'S MESSAGE: LET CONGRESS DO THE WORK

By Thomas Oliphant

Boston Globe

http://www.boston.com/dailyglobe2/058/oped/Bush_s_message_Let_Congress_do_the_work+.shtml

THREE TIMES in the last two decades, rookie American presidents have faced huge policy decisions with enormous implications for their own presidencies and their successors', not to mention the rest of us.

Ronald Reagan bellied up to the bar in 1981. So did Bill Clinton in 1993. George W. Bush, however, has decided to duck and hide.

The key to his domestic policy, it turns out, is not what he is sticking his neck out for and proposing.

The key, it turns out, is something with the inspiring title of "reserve fund" - a fictitious parking place for a gigantic pot of money that represents decisions and choices this rookie president is not willing to make on his own.

The irony here is that in its initial tax and budget policy moves, the administration is creating political problems in the fabled center - among conservative Democrats and moderate Republicans who smell "fuzzy math."

And the double irony is that down the road, Bush is probably setting the stage for trouble with his buddies on the right - already grumbling about the military, a weakening commitment to abolishing all estate taxes, and the Bushies' insistence on keeping the 10-year cost of its tax-cut package at \$1.6 trillion.

That is a major reason why what the administration is releasing this week is not a budget or a program, it is an outline of its thinking that is of no substantive consequence and goes not a significant inch beyond what was already known about Bush's "thinking" from last year's campaign and subsequent transition.

Oh, excuse me. We now know that the administration thinks federal assistance to promote rural telephone infrastructure is outdated and that there are too many overlapping programs for the homeless.

Big deal. The guts of President Bush's job right now is supposed to be to tell the country how it might follow his lead and enjoy a whopping income tax cut, the end of all estate and "marriage penalty" taxation, the partial privatization and full reform of Social Security, ditto for Medicare, plus a prescription drug benefit, the subsidization of all health insurance costs, somewhat larger commitments to public schools and higher education, a bigger military budget complete with national missile defense, and a virtually eliminated national debt.

Bush isn't doing that this week. Instead, he's doing exactly what he did with his income tax "proposal" earlier in February when he published a nine-page outline that actually contained less information than had been circulated during the campaign.

In case no one noticed, that little exercise has done nothing to advance the prospects of the \$1.6 trillion proposal and much to set them back.

This time around, the new wrinkle is talk of a reserve fund on the order of \$1.4 trillion over the decade to come.

This should not be confused with the rainy day funds that are found in many state budgets for unexpected contingencies; this is a fund on paper to cover decisions yet to come.

Bush has no proposal ready to fund a prescription drug benefit for the elderly. He also has no details ready about his fervent wish to take 2 percentage points out of Social Security taxes to create private investment accounts. The president knows that existing farm programs are a flop and will require major investment in an unavoidable reform, and that even his public school proposals are going to face significant add-ons just from the ideas being advanced by congressional moderates.

That is only a partial list of issues Bush has ducked, but even this collection overwhelms the dollars in the so-called reserve fund - even if it were to be created by Congress, which it won't be.

Clinton faced the music and proposed a full program to put a \$500 billion dent in the then-hemorrhaging budget.

Reagan also put a detailed menu of budget cuts on the table to go with his tax reductions. The gap he left was then ratified by the Democrats in Congress to set the nation on its disastrous debt binge.

Bush's abdication asks Congress to do the real work for him. An early guess is that conservatives are going to be very angry with the result.

ADJUSTING DRUG POLICY

New York Times

<http://www.nytimes.com/2001/02/27/opinion/27TUE1.html>

It is rare for a Hollywood movie to stimulate meaningful debate about social policy, but that has been the case with "Traffic," Steven Soderbergh's gritty depiction of the drug wars that has been nominated for an Academy Award as best picture. With its disturbing images of middle-class teenage addiction, outgunned American counter-narcotics agents and corrupt Mexican drug officials, the movie has touched a nerve at a time of flux in the nation's decades-long campaign against illicit drugs. With new leadership both in Washington and in Mexico, this is a good time to think anew about the most effective ways to deal with a social problem that has fueled widespread violence and corruption and destroyed countless lives.

The White House has yet to declare its intentions on drug policy, and has not nominated a replacement for Barry McCaffrey as the director of national drug control policy. But President Bush and members of his cabinet have made comments lately that suggest they may be willing to shift the emphasis of American policy from eradicating the supply of drugs to reducing the demand for them. Mr. Bush, on his recent visit to Mexico, acknowledged that American consumption was "the main reason why drugs are shipped through Mexico to the United States."

"Traffic's" depiction of bribes and torture in Mexico, including the collusion of Mexico's top drug official with one of that country's most notorious drug syndicates, is based on well-documented events of the late 1990's. Mexico's president, Vicente Fox, has pledged to eradicate corruption. But the limits of such a campaign were underscored in January when one of Mexico's most infamous drug barons, Joaquin Guzman, escaped from prison, apparently after bribing guards.

In talks planned for today with President Andrés Pastrana of Colombia, Mr. Bush has an opportunity to review the \$1.3 billion aid package known as Plan Colombia, which he inherited from the Clinton administration. The plan is skewed toward using military force to shut down the drug trade in Colombia, an approach that could entangle American troops in that nation's protracted civil war while doing little to stem the flow of narcotics north.

There is a place in American policy for efforts to interdict drug shipments overseas, and to prevent the cultivation of crops that are used to make drugs. Law enforcement programs in the United States must also play a role. But these programs cannot succeed without a more robust effort to curtail the demand for drugs at home. The bulk of the federal government's \$19.2 billion annual drug-fighting budget is still spent on interdiction and enforcement. Yet the number of hard-core users of cocaine has remained steady over the last decade at around 3.5 million. The number of hard-core heroin users, meanwhile, has risen from 600,000 in the early 1990's to 980,000 today.

Studies have consistently shown that treatment programs for addicts are far more cost-effective than enforcement and interdiction in reducing drug use. During the campaign last year Mr. Bush pledged to provide an additional \$1 billion over five years for treatment to help close the gap between the 5 million Americans addicted to illegal drugs and the 2.1 million who currently receive treatment. That by itself would be a laudable achievement.

Mr. Bush has acknowledged his own problems with alcohol earlier in life. Shortly before taking office, he told CNN that drug treatment programs needed to be strengthened. "Addiction to alcohol or addiction to drugs is an illness," he said. "And we haven't done a very good job, thus far, of curing people of that illness." As a Republican with a conservative base, Mr. Bush may be better placed than Bill Clinton was to bring a reluctant Congress around to that view. He should use the powers of his office to do so.

TO FIX SWEATSHOP CONDITIONS IN FACTORIES, WE MUST LISTEN TO WORKERS

By Dara O'Rourke

Boston Globe

http://www.boston.com/dailyglobe2/058/oped/To_fix_sweatshop_conditions_in_factories_we_must_listen_to_workers+.shtml

NIKE'S ADMISSION of sweatshop conditions in its factories in Indonesia last week was surprising and significant for two reasons: First because of how bad the conditions were, and second because Nike owned up to them.

The abuses listed in Workers Voices, the Global Alliance report, will confirm what many critics of Nike have been arguing for years and what many consumers have feared about the clothes they buy: Working conditions remain extremely bad.

However, in our rush to condemn Nike for these conditions, we might miss the more important lessons of the story:

These problems are much bigger than just Nike. And, ironically, it is exactly through bringing workers' voices into these debates and creating systems of transparency and accountability - what this report takes a small step toward doing - that we will be able to begin working on improving conditions in the global workplace.

Make no mistake, the conditions inside these factories are harsh and abusive and, by Nike's own admission, "troubling."

Based on interviews with more than 4,000 workers in Indonesia, the report, which was funded almost exclusively by Nike, found widespread verbal and physical abuse, shockingly high rates of sexual harassment, forced overtime, denied sick leave, inadequate access to medical care, and two reports of worker deaths.

These conditions are completely unacceptable, but also all too common. Nike must be held accountable and clean up these factories. But these problems are not confined to Nike factories. In fact, the concept of a Nike factory for garments, just like our antiquated concept of an American company, means less and less in the global economy.

Nike's competitors are using these same garment factories to produce their products, often at the very same time.

So unfortunately, you can't just avoid purchasing Nike or anyone else's products and feel you are sweatshop-free.

The problem is not with individual factories or evil managers. The problem is a global production system that drives contractors to cut costs, increase productivity, and meet shorter and shorter delivery times, all of which further squeeze workers.

This system encourages highly mobile, fly-by-night, secretive, and completely unaccountable garment factories. This global system continues to lower standards and worsen conditions in factories in developing countries and in the thousands of sweatshops in New York, Chicago, and Los Angeles.

So how can we move from occasional exposes and media reports to a systematic process for monitoring and improving the garment industry, the toy and electronics industries, and many others?

In my view, the Global Alliance's methodology is flawed in a number of ways: Workers were interviewed on site without labor unions or nongovernmental organizations present. Nonetheless, the report ironically points us in the right direction for finding solutions - to the workers themselves.

This report is an effort by Nike to gather information from actual workers and publicly report on problems inside its factories.

Reebok issued a similar report on conditions inside two of its factories in Indonesia last year and was criticized by the press for the problems it found. But this is missing the point.

Any study that is credible will find problems in these factories. But finding problems is the first important and positive step.

One of the most critical steps we can take is to open these industries up to greater public (and market) scrutiny and accountability. We need to pull back the veil of secrecy these factories have hidden behind for so many years. And we need to create systems where workers and communities can speak in their own voices through their own independent organizations, so that we can hear directly from workers and communities impacted by our production.

More important than identifying specific problems (which must, of course, be resolved) is to open up this industry to transparent evaluation. Only when workers have a real voice and we can look systematically at normal operating conditions across companies and countries will we be able to identify the most serious problems in global supply chains and begin to improve them.

Admitting there is a problem may be the first step to recovery. Hearing workers' voices, establishing criteria for comparing factories internationally, and verifying problems and corrections through the participation of local nongovernmental organizations and unions are key steps in a long road toward improving global working conditions.

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