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NEWS UPDATE - March 6, 2001

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Quote of the Day…

"This harsh legislation is an undeserved windfall for one of the most profitable and powerful industries in America -- the credit card industry."

- *Senator Ted Kennedy (D-MA) on the upcoming bankruptcy bill in the Senate (Reuters, 3/6)*

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SUMMARIES

1. CORPORATE DONORS TO BUSH CAMPAIGN EXPECT RETURN ON THEIR MONEY (news)
The Wall Street Journal reports on how President Bush is quickly repaying his most generous campaign contributors with massive windfalls from the federal government. The article specifically documents how the administration's efforts on prescription drugs, energy, bankruptcy have kicked off the effort to enact an agenda to the liking of his huge corporate donors. A chart detailing this effort is included.
http://interactive.wsj.com/articles/SB983833353790355901.htm

2. ORGANIZING THE MONEY (news)
CongressDaily reports on how the Business-Industry Political Action Committee "has put together a list of 27 potentially vulnerable House incumbents" to target for influence on a variety of corporate policy items.
http://www.nationaljournal.com

3. CLOSING RANKS AND PEELING OFF DEMS AGAINST WORKPLACE SAFETY (news)
CongressDaily reports that "Republican leaders today will bring up a resolution to reverse a Clinton administration rule on workplace safety standards." As the article states, "unlike tax and budget policy -- where Republicans are still far from consensus -- Republican leaders appear to have gone a long way to line up support from across their own ranks." The article also notes that Republicans are targeting support from Democratic Senators.
http://www.nationaljournal.com

4. ADMINISTRATION SUPPORTS REPEAL OF SAFETY STANDARDS (news)
The Associated Press reports that if GOP efforts to peel off Democrats for support of repealing workplace safety rules are successful, President Bush will sign the final bill.
http://www.nytimes.com/aponline/national/AP-Workplace-Injuries.html

5. BUSINESS ORGANIZES FOR FAST-TRACK TRADE AUTHORITY (news)
CongressDaily reports that "business interests anxious to see trade promotion authority — once known as fast track — restored to the president, met last week with House Rules Chairman Dreier, who advised them to stay focused and enthusiastic about trade's benefits to average citizens during the coming months of uncertainty."
http://www.nationaljournal.com

6. DEMS CLOSE RANKS AGAINST TAX PLAN (news)
The Washington Post reports that "Despite concerted lobbying by the White House, the vast majority of House Democrats plan to vote against President Bush's proposal for a near trillion-dollar reduction in Americans' income taxes, lawmakers said yesterday."
http://washingtonpost.com/wp-dyn/articles/A27097-2001Mar5.html

7. DEMS: BIPARTISANSHIP SHMIPARTISANSHIP (news)
The Houston Chronicle reports that in the debate over taxes "Democrats say the rhetoric of bipartisanship came to an end when the House GOP leadership decided to force a vote this week on the president's tax plan -- over strong objections from House Democrats."
http://www.chron.com/cs/CDA/story.hts/nation/841031

8. IT'S THE SPENDING, STUPID (editorial)
Tribune Media Services columnist Matthew Miller writes that despite the debate on taxes "It's actually Bush's spending blueprint, detailed in his new budget the other day, that shows how radically his plans depart from his sugary rhetoric — and how far they exceed any previous Republican president's determination to shrink the size of government."

9. A BETTER TAX PLAN (editorial)
Economist Max Sawicky and Robert Denk write on one idea for a simpler, more fair tax cut than the Bush proposal called the Simplified Family Credit.
http://www.prospect.org/print/V12/5/sawicky-m.html

10. SMILE AND CHARM NEVER TRUMPS REALITY, MR. BUSH (editorial)
Boston Globe columnist Tom Oliphant writes that "the relentless good cheer of the fledgling Bush administration disappears in a flash when policy basics get questioned. The president himself may exude charm, but try asking whether his budget numbers add up or whether the proposed tax cuts are fair, and the Bushies can get nasty very fast."
http://www.boston.com/dailyglobe2/065/oped/Even_Republicans_have_doubts_about_Bush_s_magic_asterisk%2b.shtml

11. PUTTING COMMON GOALS BEFORE THE WEALTHY (editorial)
Paul Rogat Loeb writes for the Los Angeles Times that the recent earthquake in Seattle "and Bush's same-day proposed elimination of the very program that helped us prepare for it" shows just how misguided his budget plans are. As he writes, the Bush " proposal gives the

bulk of its benefits to that tiny minority of Americans who already control the vast share of our national wealth. It slashes the resources available to address America's real crises, and to build for our future."
http://www.latimes.com/news/comment/20010302/t000018435.html

12. BEWARE: THE DEVIL IS IN THE DETAILS (editorial)
Boston Globe columnist Robert Kuttner writes that "buried in the fine print of the Bush budget and obscured by its rhetoric are two fundamental changes that would shift costs and risks from the social insurance pool to the individual for both Medicare and Social Security. As in the campaign, Bush has proved to be a master of cloaking radically conservative ideas in disarmingly liberal language."
http://www.boston.com/globe

13. SENATE TAKES UP WHERE HOUSE LEFT OFF ON BANKRUPTCY (news)
Reuters reports that "the U.S. Senate on Monday began debating legislation supported by the banking industry that would overhaul the U.S. bankruptcy system by making it harder for individuals to wipe out their debts." This is the bill written by the credit card companies and huge banks that passed the House last week.
http://dailynews.yahoo.com/h/nm/20010305/pl/financial_bankruptcy_dc_7.html

14. EPA GETS SECOND BOUT OF GOOD NEWS (news)
The Washington Post reports that "The Supreme Court cleared the way yesterday for the Environmental Protection Agency to enforce new regulations aimed at reducing air pollution in the eastern half of the United States."
http://washingtonpost.com/wp-dyn/articles/A26409-2001Mar5.html

15. CONTRADICTIONS ABOUND IN CAPTIAL PUNISHMENT (editorial)
The New York Times' Bob Herbert writes that in regard to capital punishment "absurdities abound." As he writes about an upcoming execution, "even as the State of Missouri is preparing for the execution of [mentally impaired convict] Antonio Richardson, it is considering legislation that would outlaw the execution of people who are mentally handicapped. If that were the law in Missouri today, Mr. Richardson could not be executed."

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FULL STORIES

CORPORATE DONORS SEEK RETURN ON INVESTMENT IN BUSH CAMPAIGN

Wall Street Journal
http://interactive.wsj.com/articles/SB983833353790355901.htm

WASHINGTON -- For the businesses that invested more money than ever before in George W. Bush's costly campaign for the presidency, the returns have already begun.

MBNA America Bank was one of the single largest corporate donors to the Bush campaign and other GOP electoral efforts last year. The bank and its employees gave a total of about $1.3 million, according to the Center for Responsive Politics, a non-partisan clearinghouse here. Charles Cawley, MBNA's president, was a member of the Bush "pioneers," wealthy fund-raisers who each personally gathered at least $100,000 for the presidential campaign.

What should large corporate donors to Bush's campaign receive in return?

Mr. Cawley hosted Bush fund-raising events at his home in Wilmington, Del., last year and, in 1999, at his summer home in Maine, north of the Bush family retreat in Kennebunkport. At the Maine affair, 200 guests gathered in the early evening on the large porch of the Cawley home, situated on a hill with a sweeping view of the Atlantic Ocean. Guests sipped cocktails and heard a brief talk by the candidate.

The money didn't stop on election day. Mr. Cawley and his wife each gave the maximum of $5,000 to help fund Mr. Bush's fight in the Florida vote recount. Mr. Cawley gave an additional $100,000 to the Bush-Cheney inaugural committee, the most the committee would take from a single donor.

Last week, MBNA's investment began paying off. The company, one of the nation's three largest credit-card issuers, has been pushing for years to tighten bankruptcy laws that allow certain consumers filing for court protection, in effect, to disregard obligations to credit-card companies and other unsecured lenders. On Wednesday, the White House announced that President Bush would sign a bill now moving through Congress that would make it tougher for consumers to escape such debts. If enacted, the measure could translate into an estimated tens of millions of dollars in additional annual earnings for each of the big credit companies.

MBNA's vice chair, David Spartin, says his firm has no way to estimate how the legislation would affect the company's bottom line. MBNA has backed the bill for years "because we think it is good for consumers," as it will "reduce the cost of credit for everyone," Mr. Spartin says. The donations to President Bush and other candidates were made because "we think they would make excellent public officials," he adds. No MBNA official "has ever spoken to President Bush about the bill," Mr. Spartin says.

'Out of the Cave, Blinking'

Many corporations feel like a new day is dawning in Washington. "We have come out of the cave, blinking in the sunlight, saying to one another, 'My God, now we can actually get something done,'" says Richard Hohlt, Washington lobbyist for several other major banks which, like MBNA, are backing an industry coalition whose members provided some $26 million to Republicans during the 1999-2000 campaign cycle.

Senate to Debate Killing Ergonomics Rules; Firms Struggle on How to Implement Them

President Clinton last year vetoed a similar bill that would have toughened bankruptcy law. Consumer groups argue that such legislation would weaken protection for working families, many of whom have been the targets of aggressive credit-card marketing.

Also in action last week were members of a large coalition of Mr. Bush's business backers who want to roll back new federal rules designed to protect workers from repetitive-motion injuries.

In a private meeting with congressional leaders last Tuesday, President Bush signed off on a plan to kill the ergonomic regulations, using the powers of the Congressional Review Act. That act, passed in 1996, gives Congress 60 days to reject regulations issued by federal agencies. But it was never used during Mr. Clinton's term because to take effect, a resolution rejecting new rules has to be approved by the president.

Repealing the ergonomic rules ranks high on the priority lists of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Association of Wholesaler-Distributors. The trade groups technically don't endorse candidates, but each of them mounted major grass-roots and advertising campaigns that benefited Mr. Bush and other Republicans in the 2000 elections.

A repeal would be a particularly hard loss for organized labor, which has fought for enactment of the ergonomic rules for 10 years, saying they are needed to protect workers from wrist, back and other injuries.

On employee safety, consumer bankruptcy and a host of other issues, Bush administration officials maintain they are acting strictly on the merits, not the money. Proponents of the bankruptcy bill, for example, point out that personal bankruptcy filings reached a record 1.4 million in 1998. The bill that would toughen the bankruptcy law won strong bipartisan support in the House last week, passing 309-106.

Business advocates maintain that the ergonomics rules include an overly broad definition of "musculoskeletal disorders" and that the new standards give employees claiming to have such disorders overly generous treatment: 90% of their salary and benefits for up to three months.

But as strongly as they believe in their arguments, business lobbyists acknowledge it's no accident that, following their massive support for the GOP, Republicans are moving quickly to address some of their top issues.

Mr. Bush ran the most costly presidential campaign in American history. Donors to his campaign and the Republican National Committee contributed a total of $314 million. Of that, more than 80% came from corporations or individuals employed by them. Al Gore and the Democratic National Committee raised $213 million, receiving strong support from labor organizations and their members. But more than 70% of the Democratic total also came from businesses and their employees.

These totals can be seen as somewhat inflated because most donors to either party work for a business. But the amounts don't included separate contributions from trade associations or independent business advertising. "The role of business last year was huge, and it overwhelmingly benefited Republicans," says Larry Makinson of the Center for Responsive Politics.

As the bankruptcy and ergonomics bills move through the Senate over the next few days, business groups also will be looking for early action on other key issues. Here's a preview.

Drugs and Privacy

With then-Vice President Al Gore and many Democratic congressional candidates railing against alleged profiteering by drug companies, the industry made its biggest-ever contributions to the GOP cause.

Drug companies contributed $14 million to Republican campaigns over the past two years and spent an additional $60 million to fund their own independent political-advertising campaign. Industry executives will be lobbying the new administration on a wide range of issues, such as the proposal to overhaul the Medicare program and include a prescription-drug benefit for senior citizens. The industry wants to make sure such a benefit doesn't lead to drug-price controls.

But that fight isn't likely to command center stage for many months. In the meantime, drug companies will press for a rewrite of federal rules protecting the privacy of patients' medical records. The rules were announced with much fanfare in the final weeks of the Clinton administration. The drug companies recently got a sign that they, too, were making progress with the new administration.

Health and Human Services Secretary Tommy Thompson, in a move that infuriated consumer groups, invited additional public comments on the rules until the end of this month. The industry is hoping the move will lead to more delays and, ultimately, significant revisions.

Last December, Mr. Clinton heralded the rules as "the most sweeping privacy protections ever written." For the first time, patients would have access to their medical files and could correct mistakes. Providers, such as hospitals and health plans, would be required to get written permission from patients to use or disclose patients' health information. Providers also would have to create sophisticated record-keeping systems and privacy policies to document compliance with the rules.

Hailed by privacy advocates, the rules include provisions anathema to nearly every segment of the health-care industry. Drug makers, HMOs, drugstore chains and hospitals say that while they back the goal of increased privacy, the rules have a potential cumulative price tag in the tens of billions of dollars, much of it to overhaul data-collection and information-technology systems.

The companies warn that the new requirements mean that pharmacies would need signed customer consents on file before they could do something as simple as sending a prescription home with a neighbor. The drug industry also says that research critical to boosting corporate innovation and tracking the safety of drugs would be inhibited. Academic researchers seeking personal health information from hospitals would have to get authorization from the patient or undergo a special privacy review by a hospital panel.

Privacy advocates such as Janlori Goldman of the Health Privacy Project at Georgetown University counter that such dire predictions are inaccurate and "hysterical."

Technically, the regulations apply to the use of information by hospitals, doctors, pharmacists and HMOs. But they have big implications for drug companies, which depend on access to that data for research and marketing. Among the drug companies most concerned is Merck & Co., because of its Merck-Medco unit. Like other pharmacy-benefits managers, which obtain contracts from HMOs and employers to keep drug costs down, Merck-Medco fears it would it be hindered in its ability to track physician-prescribing patterns and other information.

Taking the lead on combating the rules is the Confidentiality Coalition, an industry group that meets at the offices of the Healthcare Leadership Council, overlooking Farragut Square, a few blocks from the White House. Dubbed the "Anti-confidentiality Coalition" by privacy advocates, the alliance has 120 members, including Merck, Eli Lilly & Co., Cigna Corp. and Medtronic Inc., the big medical-device maker. A core group of 20 to 30 lobbyists shows up regularly for strategy sessions.

During the second week in February, an industry contingent met with Sally Canfield, a senior counselor to Mr. Thompson of HHS. The industry team included Laurie Michel, a lobbyist for Merck, and Laura Gogal, vice president and chief counsel of the Federation of American Hospitals, the trade association of for-profit hospitals. Ms. Canfield was well known to the industry group because of her own past posts as a lobbyist for insurer Mutual of Omaha Inc. and a staffer to GOP Rep. Jim McCrery of Louisiana, who often works on health issues.

Meanwhile, Craig Fuller, who served as chief of staff to former President George Bush and now heads the National Association of Chain Drug Stores, met recently with Mr. Thompson to make the case on privacy and other issues. Mr. Fuller's current constituents include such behemoths as CVS Corp. and Walgreen Co.

The drug industry provides a case study of how the ties between the new Bush administration and its business backers run much deeper than money. There is often a shared worldview among people who have been colleagues and friends in both the private sector and government.

Raymond Gilmartin, chairman and chief executive of Merck, and Anne Marie Lynch and Bill Walters, top officials at the Pharmaceutical Research and Manufacturers of America, the industry's main trade group, all served as advisers to the Bush transition team on health issues.

Deborah Steelman, a prominent lobbyist whose clients include Bristol-Myers Squibb and the drug-industry trade group, was sounded out for a top job at the Department of Health and Human Services, but declined. Mitch Daniels, a Lilly executive, accepted the offer he got to be director of the White House Office of Management and Budget, which oversees both budget and regulatory issues.

Tobacco Ties

When it comes to being well-connected with the new administration, few industries rival tobacco. Cigarette makers are hoping those ties help accomplish such goals as snuffing out a multibillion-dollar federal lawsuit against it.

Cigarette companies adopted a much lower profile in the last election than drug companies, in part because Republican strategists worried that featuring close ties to tobacco would anger many voters. But the money flowed liberally. Tobacco interests contributed roughly $90,000 to Mr. Bush's campaign, part of the $6.7 million they provided to the Republican Party and its candidates in the last election cycle. Democrats received $1.4 million from tobacco interests.

Beyond the campaign, industry titan Philip Morris Cos. was one of the most generous contributors to Mr. Bush's inaugural, giving $100,000 itself and another $100,000 through its subsidiary, Kraft Foods. Along with a number of inauguration tickets, these donations entitled company executives to two tables at a candlelight supper attended by President Bush and Vice President Cheney the night before their swearing-in.

Philip Morris has numerous long-standing ties to the Bush administration. Karl Rove, a senior White House adviser, worked as a political consultant for the company from 1991 to 1996. Kirk Blalock, a Philip Morris public-relations official, took a job in the White House in January as a liaison to the business community. Handling the inaugural donations for Philip Morris was Thomas Collamore, a vice president for public affairs who worked for President Bush's father, both in the White House and the Commerce Department. Charles Black, an informal adviser to Mr. Bush during his campaign, is also a Philip Morris lobbyist in Washington.

Mr. Thompson of HHS, received more than $70,000 in Philip Morris campaign-related contributions during his years as Wisconsin governor. He disclosed before his Senate confirmation earlier this year that he owned between $15,000 and $50,000 in Philip Morris stock. An administration spokesman says that Mr. Thompson didn't realize he owned the company's stock because it was in a blind trust and that he planned to sell it.

British American Tobacco PLC's Brown & Williamson unit and R.J. Reynolds Tobacco Holdings Inc. are also well-positioned. Both companies are represented by Barbour, Griffith & Rogers, a lobbying firm stocked with Republican operatives, including former GOP Chairman Haley Barbour and Lanny Griffith, a former White House aide to Mr. Bush's father.

The industry's first objective is to get rid of a massive federal lawsuit, launched by the Clinton administration, that accuses cigarette makers of "racketeering" and lying about the health risks of smoking for 50 years. The case is pending in federal court in Washington.

Tobacco companies are so confident the Bush team will drop the suit that they claim to have no plans even to ask for it to be withdrawn.

"We are not lobbying on this at all," says Philip Morris spokeswoman Peggy Roberts. Many in the industry say they think an aggressive push to kill the suit would be counterproductive, causing the Bush administration to worry about the perception that it is eager to do a huge favor for one of its most-generous donors.

One way to squelch the suit would be for Congress to cut or eliminate funding for it, which for the current fiscal year is budgeted at $23 million. Although skittish about approaching the Bush administration directly, Philip Morris officials say they have no qualms about lobbying this year for such a funding cut. Another possible scenario for terminating the suit is for the Justice Department to reach a settlement with the companies.

Mr. Bush has avoided making a definitive statement about the tobacco suit. But referring to the case in August, he said, "I think we've had enough suits," adding, "The lawyers I talk to don't feel they [the Justice Department] have a case."

Complicating the situation is the presence of one key person on the Bush team who historically hasn't had an easy relationship with the big tobacco companies: Attorney General John Ashcroft, who now oversees the federal suit. Mr. Ashcroft's dim view of the industry arises from having seen several friends die from cancer, aides say.

At a get-acquainted meeting with tobacco lobbyists soon after being elected to the Senate in 1995, Mr. Ashcroft damped the atmosphere with a diatribe. "Let me tell you up front that I believe you guys are the merchants of death, and I don't support your product or your industry," Mr. Ashcroft was quoted as saying by two people at the meeting.

Yet three years later, as Mr. Ashcroft was considering entering the race for the presidency, he took a different position. When the Senate Commerce Committee considered legislation to restrict tobacco marketing and raise cigarette taxes, Mr. Ashcroft was the only vote against the bill on the 20-member committee, even though he still denounced the industry. His vote was a surprise to industry lobbyists, who were even more pleased when his persistent attacks on the proposed $1.10-a-pack rise in cigarette taxes helped kill the measure on the Senate floor.

An aide to Mr. Ashcroft says that, while critical of the tobacco industry, Mr. Ashcroft concluded that the bill contained excessive tax increases and required too much bureaucracy to implement the marketing restrictions.

During his confirmation hearings in January, Mr. Ashcroft said that he had "no predisposition" to dismiss the federal lawsuit. He promised to consult with career attorneys at the Justice Department and make a decision based on a "careful examination of the facts and the law."

Airline Antitrust

When George W. Bush became president-elect, American Airlines was ready. On the Sunday after Al Gore conceded the bitterly contested election, the Dallas-based unit of AMR Corp. rolled a brand-new 737-800 onto the tarmac at the airport near Austin, the Texas capital. It had been specially painted in the airline's distinctive 1960s colors -- a silver fuselage with a bold red lightning bolt.

The triumphant charter flight, paid for by the campaign, ferried Mr. Bush and his inner circle, including aides Andrew Card, Condoleezza Rice and Karen Hughes, from Austin to Dulles for their first round of meetings here. The president-elect and his staff were treated to a dinner of Chateaubriand, shrimp Caesar salads and hot chocolate-chip cookies, baked on board.

"As a Texas-based airline, it was an honor and a privilege to carry Mr. Bush," Don Carty, the chief executive officer, said at the time. "American Airlines is proud to have the president-elect's vote of confidence."

Mr. Carty was an early booster, and, like Mr. Cawley of MBNA, one of Mr. Bush's pioneer fund-raisers. He personally gave the maximum donation of $5,000 to support Mr. Bush's legal fight following the contested Florida vote. The company also gave the maximum $100,000 gift to the Bush inaugural committee.

What American and other big companies hope for is a change in antitrust policy. In the airline's case that would mean the government's backing off the antitrust suit President Clinton's Justice Department brought against it. The suit, filed in 1998 and scheduled to go to trial in May in federal court in Wichita, Kan., alleges that American used illegal tactics to squelch competition at its Dallas hub. The case is being watched closely as a sign of the new administration's approach to antitrust enforcement.

The Bush team must decide whether to proceed with the trial as planned, or settle. Charles James, the nominee for Justice Department antitrust chief, hasn't been confirmed, and career officials at the Justice Department say they expect the case to be pursued on its merits.

But there are already signs that the administration may view the case skeptically. Timothy Muris, who has been close to Mr. James since the two worked together at the Federal Trade Commission during the Reagan years, has openly questioned the wisdom of the Clinton suit because it relies on an expansive interpretation of antitrust law. A law professor at George Mason University in Arlington, Va., Mr. Muris helped shape antitrust policy for the Bush transition team and is expected to be named chairman of the FTC, which also enforces antitrust laws.

Mr. James won't comment on American's case but has said he generally doesn't favor antitrust cases that "make new law."

Alaska Drilling

Of all the business interests that backed Mr. Bush, oil companies have the clearest ties and strongest personal meaning to the new president. He is a former oil man who revels in his attachments to Texas, and his best friends are oil men, too. Promoting the industry is an instinctive impulse for the president that goes beyond campaign contributions.

When Mr. Bush announced Mr. Cheney, former chairman of Halliburton Inc. as his running mate, Hollywood director Rob Reiner joked that the GOP's idea of diversity is having "two guys heading the ticket from two different oil companies."

The personal connections were strengthened with money. The oil industry donated more than it ever has before: $32 million during the past two years, with 80% of it going to Republican causes. As a result, "all the stars are aligned this year," says Roger Herrera, who heads a lobbying effort to allow oil drilling in Alaska's costal plain, known as the Arctic National Wildlife Refuge.

Mr. Herrera is a courtly, Oxford-educated oil company geologist, who has made more than 50 appearances before congressional committees, taken hundreds of politicians on guided tours of Alaska and built one of Washington's most innovative and influential lobbying operations, known as Arctic Power. Until now, his decade-long efforts to open up Alaska's coastal plain for oil and gas development have been consistently frustrated. In 1989, there was the Exxon Valdez oil spill; in 1991, a Senate filibuster threat; and in 1995, a veto by President Clinton.

Now, Mr. Herrera promises, things will be different. He's counting on the combined power of the new president, who favors drilling in the coastal plain, and Alaska's powerful congressional delegation, Senators Ted Stevens, Frank H. Murkowski and Rep. Don Young. All three of these veteran Republicans chair influential committees. In the White House, Mr. Cheney's energy-policy task force is directed by Andrew D. Lundquist, former staff director for Sen. Murkowski's Senate Energy Committee.

To build support last week, Alaska's Governor Tony Knowles, in town for a governors conference, took two days to discuss oil exploration with skeptical Democrats on Capitol Hill. "I am going to be in contact with people who have expressed opposition but seem to be amenable to reason," he told reporters last Tuesday. He went to the Hill that day carrying support and strategic advice from all corners of the new administration. He had met with Interior Secretary Gale Norton, Energy Secretary Spencer Abraham and Environmental Protection Agency Administrator Christine Todd Whitman.

This powerful network of industry allies will face a daunting alliance of more than 400 environmental organizations determined to stop Alaska drilling in the interest of preserving the area's pristine condition. But this year, Mr. Herrera says, the industry group feels up to the task.

The GOP's Big 10 Investors

Contributions to the Bush campaign and the national and congressional campaign committees, by industry, for 1999-2000 election year.*

Industry	**George W. Bush** (in millions)	**Republicans** (in millions)	**Percent to GOP**	**Inauguration** (in millions)	**Policy Interests**
Airlines	$0.18	$4.20	61%	$0.17	Avoiding antitrust prosecution for proposed mergers and corporate practices; defeating consumer-protection legislation
Oil and Gas	1.84	25.4	78	1.39	Getting permission to drill in Alaska and other western states off limits during the Clinton years
Banks and Credit Cards	1.45	25.6	60	0.83	Passing bankruptcy-overhaul legislation requiring consumers to repay their debts when possible
Pharmaceuticals	0.45	17.81	68	0.95	Avoiding government price controls as Congress overhauls Medicare and adds drug benefits; defeating Clinton administration privacy rules
Tobacco	0.09	6.95	83	0.2	Getting rid of federal lawsuit accusing the industry of lying about health risks of smoking
Manufacturers/Distributors	1.38	19.87	70	1.84	Repealing the workplace ergonomics standard; curbing personal-injury lawsuits
Insurance	1.62	26.52	66	1.15	Rolling back individual marginal tax rates, estate tax; urging pension and retirement reform
Real Estate	4.3	41.72	55	1.62	Fighting newly proposed legislation that would allow banks to engage in real-estate activities
Securities and Investment	3.87	48.51	55	3.28	Expanding 401-k and IRA contribution opportunities; will watch Social Security privatization especially closely
General Contractors	1.54	13.28	69	0.05	Repealing the estate tax; rolling back ergonomics rule and new mandates on hiring; promoting road funding, tax cuts

*Totals reflect campaign donations recorded at the Federal Election Commission, but not independent expenditures, such as the $60 million in issue advertising paid for by the pharmaceuticals industry.
Sources: Center for Responsive Politics; FEC

BUSINESS PAC LOOKS FOR WAYS TO EXPAND INFLUENCE

CongressDaily
http://www.nationaljournal.com

The Business-Industry Political Action Committee is embarking on an aggressive strategy to reach members of the business community in hopes of increasing their impact on the 2002 elections.

Bernadette Budde, BIPAC's senior vice president, said a survey the organization commissioned in October 2000 showed that "political parties are not reaching the business community." It led BIPAC to conclude that they had to take the initiative to reach business voters. Among findings were that 27 percent of registered voters believed political parties were the most credible source of political information, while 16 percent believed unions were the most credible source, and 23 percent believed employers were the most credible source.

Only 7 percent of voters in the survey said they had heard about candidates from their employer, while 17 percent had received information from a union. Seventy-eight percent said they were open to hearing more about political candidates from their employers. The survey was conducted among 1,000 registered voters last October and had a 3.1-point error margin.

Budde explained that BIPAC now views a political race as a "three-ring circus." The candidates compete in one ring, political parties in a second and interest groups in a third.

"BIPAC now believes it is impossible to achieve victory unless interest groups match up," Budde said. Much of BIPAC's work early in the cycle is aimed at making the business community understand that it is in a race of its own against other interest groups.

In that vein, BIPAC has put together a list of 27 potentially vulnerable House incumbents and has begun distributing it to its members. Based on the 7 percent of voters in the October survey who said they had heard about political candidates from their employer, Budde looked at any House race decided by 7 points or less to develop the BIPAC list.

She cautioned that the list is not a BIPAC target list, but rather an attempt to show an "array of seats" where the business community can exert influence.

Those 27 members are Reps. Mike Ross, D-Ark.; Calvin Dooley, Jane Harman and Susan Davis, all D-Calif., and Steve Horn, R-Calif.; Rob Simmons, R-Conn.; Ric Keller and Clay Shaw, both R-Fla.; Sanford Bishop, D-Ga.; Mark Kirk and Tim Johnson, both R-Ill.; Dennis Moore, D-Kan.; Connie Morella, R-Md.; Mike Rogers, R-Mich.; Mark Kennedy, R-Minn.; William Luther, D-Minn.; Sam Graves, R-Mo.; Mike Ferguson, R-N.J.; Rush Holt, D-N.J.; Heather Wilson, R-N.M.; Don Sherwood and Patrick Toomey, both R-Pa., and Joseph Hoeffel, D-Pa.; Ed Schrock, R-Va.; Rick Larsen, D-Wash.; Shelly Moore Capito, R-W.Va., and Tammy Baldwin, D-Wis.
Of the 27 House members, 14 are freshmen. Ten of those seats switched from control of one party to the other in 2000.

According to the BIPAC memo, "Employer involvement is likely to mean more to these incumbents," and makes them strong potential recipients of the business community's legislative message.

GOP MODERATES STAND BY LEADERS ON ERGONOMICS VOTE

CongressDaily
http://www.nationaljournal.com

Attention will focus once again on a small group of GOP moderates today, when Republican leaders bring up a resolution to reverse a Clinton administration rule on workplace safety standards. But unlike tax and budget policy -- where Republicans are still far from consensus -- Republican leaders appear to have gone a long way to line up support from across their own ranks. Senate Health, Education, Labor and Pensions Chairman Jeffords signed a letter to bypass his own committee and bring a resolution to the floor to reverse the ruling.

Sen. Olympia Snowe, R-Maine., also signed the letter. Sen. Lincoln Chafee, R-R.I., is still undecided, according to his spokesman, but Chafee voted for an amendment to an appropriations bill last year to prohibit funding for the administration to produce the new rule. "I have no reason to believe that he has changed his mind on the issue since last year," said the spokesman. Sen. Peter Fitzgerald, R-Ill., also signed on.

Sen. Arlen Specter, R-Pa., was the only Republican to vote with Democrats against the funding prohibition last year, although his office did not indicate his position on the resolution last night. "We may lose Arlen, but all the rest are signed on," said Senate Republican Policy Committee Chairman Larry Craig of Idaho.

Republican leaders are bringing up the resolution under the Congressional Review Act, which allows Congress to repeal administrative regulations by a majority vote in both Houses. The resolution comes up under an expedited procedure, which opponents cannot filibuster and allows 10 hours of debate beginning at 10 a.m. today.

GOP leaders claim that they will be able to hold their own members, while hoping to peel off a few Democrats. "We'll get a lot of votes on both sides of the aisle on this one," said Sen. Judd Gregg, R-N.H. Gregg predicted some Democrats would come on board because the regulation "usurped the will of Congress on the issue."

On the Democratic side, Sen. Ernest (Fritz) Hollings, D-S.C., has indicated he will vote to repeal the rule. Hollings joined Sens. John Breaux, D-La., and Blanche Lincoln, D-Ark., in voting to cut off funding for the rule last year. Breaux and Lincoln indicated they were undecided on the current vote, which GOP leaders said would most likely occur Wednesday. An aide to Sen. Thomas Carper, D-Del., said he was inclined vote to repeal the rule. Sen. Zell Miller, D-Ga., declined through a spokesman to comment on his position.

Sen. Michael Enzi, R-Wyo., one of the leaders spearheading efforts to overturn the rule, said on the Senate floor Monday that the way the rule was promulgated was in error because the agency paid some consultants to testify at hearings, among other things. The ergonomics rule is the "worst rule that's ever been passed by a regulatory agency," Enzi said and added that businesses have already implemented their own programs that would be cancelled out by the regulation.

Senate Health, Education, Labor and Pensions ranking member Edward Kennedy, D-Mass., said the effort to use the CRA is an "atom bomb" on the ergonomics rule, and it would "eliminate a rule that goes to the heart of the federal government's mission to protect worker safety and health; that is supported by thousands of scientific studies; and that is the product of 10 years of study, nine weeks of hearings, 11 best practices conferences, and nearly nine months of opportunity for written comment from the public." Kennedy is mounting a vigorous lobbying effort to uphold the rule, according to his spokesman.

House Republicans are expected to push for quick action next week if they can get a win in the Senate. While House Democrats acknowledge that the vote could be tight, some said they hope Congress will remember the administrative and judicial pathways available to address the rule.

A substantial group of House Republicans who play close attention to the concerns of organized labor has been known to buck the leadership on priority issues like the minimum wage.

BUSH FAVORS REPEAL OF INJURY LAWS

Associated Press
http://www.nytimes.com/aponline/national/AP-Workplace-Injuries.html

WASHINGTON (AP) -- The White House supports the repeal of Clinton administration rules aimed at protecting against workplace injuries caused by repetitive motion, a senior Bush adviser said Tuesday.

The official, speaking on condition of anonymity, said the Bush administration's position would be made clear in a letter from Labor Secretary Elaine Chao to Congress in which she will outline ways the department can protect worker safety if the Clinton-era regulations are repealed.

Bush has determined that the rules amount to excessive regulation, the official said.

Senior Republicans said last week that the GOP-led Senate intended to launch a hurry-up attempt this week to overturn the rules.

A vote on the issue would mark the latest development in a decade-long struggle over an effort by the Occupational Safety and Health Administration to regulate repetitive-motion injuries.

The Clinton administration issued the regulations, running more than 600 pages in the Federal Register, in mid-November. They took effect on Jan. 16, four days before President Bush took office, although businesses have until October to comply.

Organized labor supports the rules, which could force companies to alter work stations, redesign facilities or change tools and equipment once employees are found to suffer work-related injuries.

DREIER URGES BUSINESS GROUPS TO PITCH TRADE'S BENEFITS

Congress Daily
http://www.nationaljournal.com

Business interests anxious to see trade promotion authority — once known as fast track — restored to the president, met last week with House Rules Chairman Dreier, who advised them to stay focused and enthusiastic about trade's benefits to average citizens during the coming months of uncertainty. "It was basically a pep talk," an aide to Dreier said. One of the business lobbyists who attended said trade backers are encouraged that President Bush mentioned renewal of trade promotion authority in his speech before Congress last week. But they are also concerned that the United States is beginning to lag behind in signing new free trade agreements, and hope a Republican president will help make this the year for trade promotion. Calmon Cohen, who heads the Emergency Committee for American Trade, said it was a "very, very positive meeting" because it gave Dreier and Rep. Jim Kolbe, R-Ariz., to let the private sector know how deeply committed congressional leaders are to trade issues this year.

Aside from keeping supporters engaged, the meeting yielded no concrete steps on what to do next, sources said. One reason is that until a tax cut is ready for Bush's signature, it seems unlikely he would start pushing Congress into what will likely be an extremely partisan battle and one that would force many members to cast very difficult votes. Another reason is that the administration's trade team is not yet complete, although Cohen contended that U.S Trade Representative Zoellick is doing an admirable job in engaging members of Congress. The session comes amid reports that Dreier, House Majority Leader Armey and other backers of trade liberalization are concerned that some elements in the business community are showing a willingness to make concessions on labor and environmental matters. But Sun Microsystems government affairs director Chris Hankin said these thorny issues came up only to the extent that Dreier specifically made it a point to stress how important bipartisanship will be if trade promotion authority is to pass this year.

Meanwile, Public Citizen's Global Trade Watch director Lori Wallach said that groups who want trade more closely linked to human rights, labor and environmental standards are already organized and ready to block a deal that fails that test. She observed that recent obstacles delaying China's accession into the World Trade Organization are prompting some legislators who supported permanent normal trade relations for China last year to look at trade issues more carefully. If the business lobby makes a push to educate voters on the benefits of expanding trade, then members will want to learn more about what that means since they will be held accountable by their constituents should trade benefits fail to materialize, she added. This could be the basis of a new type of trade promotion authority — one that gives power to the president with one hand, but keeps it in Congress with the other.

FEW DEMOCRATS ARE LIKELY TO BACK HOUSE TAX BILL

Washington Post

http://washingtonpost.com/wp-dyn/articles/A27097-2001Mar5.html

Despite concerted lobbying by the White House, the vast majority of House Democrats plan to vote against President Bush's proposal for a near trillion-dollar reduction in Americans' income taxes, lawmakers said yesterday.

While passage of the tax cut plan is not in doubt -- lawmakers say nearly every House Republican, along with a handful of Democrats, will vote for it -- both sides are working furiously to maximize their votes. For Bush, winning the support of more Democrats would give his tax cut added momentum since he could argue it has bipartisan backing, House Republicans and White House officials said. Democrats, on the other hand, want to limit defections to help bolster resistance when the proposal goes to the Senate.

House leaders' decision to push for an early vote on the main component of Bush's proposal -- the legislation to cut personal income tax rates was approved in committee last week and is headed to the floor Thursday -- has angered many centrist and conservative Democrats, who argue Congress should pass a budget blueprint first.

Freshman Rep. Mike Ross (D-Ark.), who was offered a meeting with the president to hear a pitch for the tax cut proposal, said he would not be swayed, largely because of the House GOP leadership's failure to negotiate with Democrats on the outlines of the bill.

"If we're not going to work together, why have 435 members of the House and 100 members of the Senate and a president, when you can have one person running the country?" Ross said. "That's what the whole legislative process is about, compromise."

For nearly a month, Bush administration officials and House Democratic leaders have battled for the allegiance of roughly two dozen centrist and conservative Democrats. While a few of them are likely to break ranks and support the Bush plan on Thursday, most are leaning against the proposal.

Last week, a group of 33 conservative Democrats known as the "Blue Dogs" voted to oppose any tax cut bill until Congress has passed a budget resolution. They made their decision shortly after Office of Management and Budget Director Mitchell E. Daniels Jr. made a personal pitch to the group.

Rep. Jim Turner (D-Tex.), who co-chairs the group's policy arm, suggested that only "two or three" members would support the president's plan, which the White House estimates will cost $958 billion over the next decade. "I'm for the largest tax cut we can afford," Turner said. "But we haven't really calculated what we can afford."

The White House is continuing to press ahead with its lobbying campaign despite the Democratic resistance. Vice President Cheney sent an aide to meet with several Democratic lawmakers last week. He also has given interviews to newspapers and television stations in the districts of undecided Democrats. Bush likely will hold discussions with wavering Democrats this week, and Cabinet members are also scheduled to call members.

But even Bush allies such as Rep. Rob Portman (R-Ohio) acknowledge that the president is unlikely to win many converts. "I just don't see a lot of interest among the Democrats in playing ball," Portman said. "It's more likely we'll get broader Democratic support on the tax bills yet to come."

The GOP leadership plans to take up other elements of Bush's overall $1.6 trillion tax cut proposal, such as elimination of the estate tax and marriage penalty relief, at a later date.

Many Democrats from swing districts say voters remain more interested in paying down the debt than in a broad tax cut. Ross said he received 10 times as many calls last week on the trading restrictions adopted by Napster's music Web site than on tax relief. Rep. Dennis Moore (D-Kan.) said Kansas voters are hesitant about a large federal tax cut because of ongoing concern over a shortage of education funds after a tax cut enacted by the state in the mid-1990s.

"I'm not sure they've really satisfied my concerns yet," Moore said of his discussions with administration officials.

White House officials and GOP leaders said they were determined to maintain momentum for passage of the president's plan, and would not be overly concerned if Thursday's vote largely follows party lines. The Republicans hold a 221 to 211 seat advantage, with two independents and one vacancy.

"The victory is to get it done, to get it passed," said House Speaker J. Dennis Hastert (R-Ill.) in an interview yesterday, adding that voters will understand the plan better once the House approves it. "It gets the policy out there. People can understand what we're trying to do, and what it means to individual taxpayers."

Senate GOP leaders are pursuing a decidedly different tack, saying they will postpone taking up any tax cut legislation until the chamber votes on Bush's budget. "Our goal is to try to find a bill that will have total Republican support and a lot of Democrats, too," Senate Majority Leader Trent Lott (R-Miss.) said yesterday.

House Democrats, meanwhile, are angry that GOP leaders likely will not allow them to introduce an alternative, Democratic plan that is about half the size of the president's and would provide for more targeted tax reductions.

"It doesn't help their cause to do it in this way," said House Minority Whip David E. Bonior (D-Mich.). "It sends a signal to the country and the Senate that there is no bipartisanship on this issue."

BATTLE LINES DRAWN IN SENATE OVER TAX CUTS; BIPARTISAN RHETORIC TAKES A HIT AS BUSH TACTICS QUESTIONED

Houston Chronicle
http://www.chron.com/cs/CDA/story.hts/nation/841031

WASHINGTON -- An intense partisan battle over tax cuts is expected to spill over from the House to the Senate this week, as Democrats claim President Bush's tactics are pushing them away instead of drawing them in.

Not six weeks after Bush promised to foster a bipartisan approach to governing, the two parties on Capitol Hill are locked in battle and the president has threatened to veto spending bills that do not reflect his budget proposal.

Democrats oppose the combination of the president's 10-year, $1.6 trillion tax-cut plan and his proposal to hold government spending to just above the rate of inflation.

But until this week, both parties had acknowledged that they would have to work together to get anything done.

All that seems to have changed.

Democrats say the rhetoric of bipartisanship came to an end when the House GOP leadership decided to force a vote this week on the president's tax plan -- over strong objections from House Democrats.

"The procedures they used, in my opinion, were a mistake," said Sen. John Breaux, D-La., a relatively conservative lawmaker and among the most likely Democrats to work with Bush on an overall tax-cut package and budget.

"When you take the position that it's my way or no way, you end up with no way," he said Monday.

The GOP is all but guaranteed to win the House vote scheduled for Thursday, as Republicans outnumber Democrats 220-211 -- not counting two independents whose votes are split and two vacant seats.

And Bush this week has taken his tax cuts and budget plan directly to voters in states where vulnerable Democrats are up for re-election in 2002.

Even though the Senate is split 50-50 between the parties, with Vice President Dick Cheney poised to break the tie, Bush needs to persuade enough Democrats to break a filibuster, which requires 60 votes.

To start building support, Bush this week heads to Louisiana, North Dakota and South Dakota -- home of Senate Minority Leader Tom Daschle.

Bush and Daschle, the Senate's highest-ranked Democrat, received an invitation from a local television station to talk about the president's tax-cut proposal and the Democrats' alternative, which would cut $900 billion in taxes.

Bush turned the station down.

"There will be no such debate," White House spokesman Ari Fleischer said.

Fleischer said the president would continue unabated his populist onslaught to shore up public support for his proposed budget and tax cuts.

At a briefing Monday, Fleischer scoffed at suggestions Bush was targeting states to visit where Democratic lawmakers looked most vulnerable.

"If the suggestion is that it's somehow inappropriate for the president of the United States to travel the country, to talk to the voters who elected him, and to make his case to the people and urge them to contact their representatives, that's a new and novel notion," Fleischer said. "It's exactly what the president does for a living, and he's going to keep on doing it."

In anticipation of Thursday's vote on his tax package, Bush has been meeting with members of Congress.

"We expect that this will be a singular moment, a very important day for getting tax relief to the American people," Fleischer said. "And we're pleased to be working with such a do-something Congress."

But the scheduled vote in the House has not won Bush points with Democrats, and it has infuriated the conservative Blue Dog Democrats.

Rep. Jim Turner, a Democrat from Crockett and co-chair of the Blue Dogs, said he is "cutting the president a lot of slack," assuming he was not involved in the "strictly partisan" decision to act on the tax cuts before finishing the year's budget.

Turner said the action "certainly damages the opportunity for a bipartisan tax-cut plan in the House."

He said he hoped Bush would keep his promise and foster a more bipartisan process when the Senate takes up the tax cuts -- which is expected after a budget is finalized.

But Bush's budget also has been a target of criticism, and not just among Democrats.

Senate Budget Committee Chairman Pete Domenici, R-N.M., has said the budget is too sparse.

He said Bush's call to hold government spending to 4 percent over last year would be "very hard to live with." The comment prompted Cheney to warn lawmakers that Bush is prepared to veto spending bills he considers excessive.

Asked whether Bush would campaign in the 2002 elections against Democrats who oppose his tax cut, Fleischer said it's early to be talking about the mid-term elections but noted that "bipartisanship is a two-way street."

But it is those not-so-subtle pressures that have even conservative Democrats feeling uncomfortable with a president they said only a few weeks ago they would work with gladly.

Among them are Sens. Mary Landrieu of Louisiana and Max Cleland of Georgia, both of whom supported GOP-sponsored tax cuts last year.

Senate Majority Leader Trent Lott, R-Miss., recently predicted that he would have enough Democrats on board to pass Bush's tax package, naming Cleland and Landrieu as just two.

Democratic staff said Lott's presumption was unfounded.

FORGET BUSH'S TAX CUT — LOOK AT HIS SPENDING PLANS

By Matthew Miller
Tribune Media Services

We've known all along that President Bush's tax cut was unjust, but it turns out the old Skull and Bones prankster had a surprise in store.

It's actually Bush's spending blueprint, detailed in his new budget the other day, that shows how radically his plans depart from his sugary rhetoric — and how far they exceed any previous Republican president's determination to shrink the size of government.

Some context for these claims: Economists agree the best way to measure the "size" of government is to compare federal spending to the overall size of the economy, or gross domestic product (GDP).

Under both conservative icon Ronald Reagan and the first President George Bush, spending averaged roughly 22 percent of GDP. Under Bill Clinton, faster growth combined with spending restraint pulled this figure down to 18 percent of GDP by this year. In ways the press and the public still haven't fully appreciated, the budget was balanced "downward."

President Bush's new budget would take federal spending from 18 percent of GDP today to 15.7 percent of GDP by 2011. It's hard to overstate how consequential this change would be.

Bush's tax relief, after all, while being distributed unfairly, rebates just a nickel or so on the federal revenue dollar over the next 10 years. Bush's spending plan takes the federal government back to its size in the early 1950s, before the advent of most of what we think of as modern government.

Take one key example: "Domestic discretionary" spending (everything, that is, beyond the big entitlement programs like Social Security and Medicare) is 3.2 percent of GDP today. Bush would shrink this to 2.5 percent. Under Reagan and Bush the Elder, by contrast, such domestic spending averaged 3.3 to 3.4 percent of GDP. Even defense shrinks under Bush's plan, from 2.9 percent of GDP to 2.3

percent.

Some simple calculations show how dramatically Bush's scheme would limit what government can do. If Bush held spending steady at today's already modest 18 percent of GDP, rather than trimming it to 15.6 percent, the federal government would have roughly $250 billion more to spend (in today's dollars) a decade from now.

That's enough cash to buy a second Pentagon or six more departments of education. It's enough money to provide health coverage to America's 43 million uninsured several times over.

If Bush chose to run the government at the size his father's budgets routinely proposed, the feds would have a stunning $600 billion more each year (in today's dollars) to spend a decade hence.

Bush's claim that his budget meets the nation's needs is undermined by these realities; more precisely, they reveal his shockingly narrow definition of "priorities."

The president's tiny plan to extend health coverage to the uninsured, for example, is one-fifth as rich as the plan his father offered in 1992, in an era of big deficits. Bush's budget offers two new dollars for education and health care for every three it gives in tax relief to wealthy heirs.

As Bush noted in his address to Congress, such facts matter because the impact of budgets are "counted in numbers, but measured in lives." And when it comes to America's unfinished progressive agenda, it's now or never. The next decade may be the last chance America has for a generation to address problems that federal cash can help fix. After that, the baby boomers' costly retirement will crowd out the resources and the political energy to do much else.

If enacted in anything like its current form, Bush's budget guarantees that we will squander this historic window of opportunity. If Democrats fail to frame the coming debate in these terms, they will forfeit their claim to represent those left out of today's prosperity.

And if the press continues to ignore the myopic extremism of Bush's spending plan in favor of a focus on the last president's pardons, it would be the only truly unpardonable act we see all year.

HOW DO YOU SPELL RELIEF?

By Max B. Sawicky and Robert Denk
American Prospect
http://www.prospect.org/print/V12/5/sawicky-m.html

Big tax cuts are in the offing. The high priests of fiscal discipline find their flocks deserting, egged on by President George W. Bush, the GOP, and the Janus-faced Federal Reserve Board chairman. But who will get the benefit?

Critics of Bush's tax-cut plan in both parties appear to be at something of a loss to propose alternatives that aren't slightly souped-up versions of Vice President Al Gore's proposals or scaled-down versions of Bush's. The possibility of tax cuts that are big and good at the same time seems to elude them, and time is running out.

Bush insists that it's only fair to give the most tax relief to the rich because they have most of the income and hence pay most of the income taxes. But this formulation leaves out the biggest tax paid by workers of moderate income—the payroll tax, which Bush would leave untouched. Because most workers with incomes under $35,000 pay little or no income tax, Bush's plan gives them little or no relief. Put payroll-tax relief on the table, as we propose, and the equation changes dramatically. Since payroll-tax receipts are now being used to pay off federal debts incurred outside of the Social Security program, it's perfectly fair to add payroll-tax relief to any tax-cut package.

The total tax cut seems to be converging on a point between Bush's proposal, which could cost $2 trillion over 10 years, and Al Gore's campaign proposal of $500 billion. So let's prudently presume a total tax-cut package of $1 trillion. Unlike the Bush package, whose provisions are backloaded to conceal long-term cost, our estimate reflects immediate and full phase-in, with a first-year cost of $72 billion.

During the campaign, Bush proposed a reduction in marginal income-tax rates, a new two-earner deduction, a new 10 percent bottom bracket, a doubling of the Child Tax Credit, and the repeal of the estate and gift taxes. His cuts are spread broadly, but the top 1 percent of taxpayers get almost 43 percent of the money, according to an analysis by Citizens for Tax Justice. During the campaign, Al Gore harped on this theme, but in doing so he glossed over the extent to which many families of moderate income would see some tax savings under Bush's plan. So Bush's cuts were seen as widely spread, or "general tax relief," while Gore's were thought to be selective and narrow. Our approach, by contrast, would make clear that ordinary working families could get a lot of relief.

Here are four options for tax relief that are fairer, better policy than the Bush plan.

Option 1. Cut the payroll-tax rate. A rate cut reduces the infamous marginal tax rate on labor and therefore provides incentives for employers to create jobs and for employees to work harder or longer and reap more rewards from work. By far the simplest, this option is also controversial since it diverts revenue from the Social Security trust fund. But we could easily dedicate sufficient revenue from the more progressive income tax to replace lost payroll-tax proceeds.

This sort of interfund transfer is not well regarded in Congress. Still, it is less politically controversial than other options, such as using trust fund surpluses to purchase stocks and bonds or adopting a privatization plan that diverts payroll-tax revenue into individual investment accounts.

Though straightforward, a simple cut in the payroll-tax rate fails to target enough relief to those who need it. A trilliondollar tax cut would finance a payroll-tax cut of 1.9 percentage points. So a minimum wage worker would realize not quite $200, an average-wage worker about $600. There are better ways to target a trillion dollars of tax relief.

Option 2. Exempt a portion of wage income from payroll taxes. A trillion dollars of relief would allow us to exempt the first $7,700 of wage income from the payroll tax. This would save wage earners almost $600 a year in payroll taxes. The simplest approach would be to give workers a refundable credit against income-tax liability for payroll taxes paid, up to a fixed dollar amount. It would be available to all, regardless of whether or not the taxpayer claims dependents.

This approach resembles option 1, but targets more relief to lower-wage workers. Earnings over $7,700 would subject to the current payroll-tax rate of 7.65 percent. There are limits to this sort of tax relief because taxable payroll is not progressively distributed.

Option 3. Increase the Child Tax Credit and make it fully refundable. Current law provides a $500 tax credit per dependent child, but it can only be used to offset positive income-tax liability. This grossly violates candidate Bush's promise to "leave no child behind." The Center on Budget and Policy Priorities says 24 million children do not benefit from this provision of the Bush package. The reason is that 12 million working families with children do not owe enough income tax to take advantage of the child credit. But most of them do pay payroll taxes.

Some advocates propose a pure refundable credit. A family with no income could file an income-tax form and get a check from the government. This is tantamount to cash welfare, however, and is thus politically improbable.

More likely, a refundable Child Tax Credit could be phased in according to some definition of qualifying income. This option simply expands an existing feature of the tax system. Also, it provides equal relief per child regardless of income level once the credit is fully phased in. A further advantage is that it can take the Bush proposal--for a larger, nonrefundable credit--as a point of departure.

We estimate that a refundable Child Tax Credit of $1,800 per child can be financed with a trillion dollars over 10 years. A family would need at least $10,000 of income to receive the full credit for each child. Such an approach, by definition, concentrates relief on households that have children

Option 4. Simplify and integrate existing tax credits. Our favorite plan—dubbed the Simplified Family Credit--would integrate the Earned Income Tax Credit (EITC), the Child Tax Credit, the Additional Child Credit, and the dependent exemption into a single, expanded, simplified credit. None of the preceding options does anything to simplify or rationalize the tax code. Neither does the Bush proposal. It would be a pity to spend a trillion bucks and not accomplish some tax simplification and improvement in incentives for work and marriage.

For technical details about the Simplified Family Credit, see the paper "Giving Tax Credit Where Tax Credit Is Due" by Max B. Sawicky and Robert Cherry [available through the Economic Policy Institute at www.epi.net.org]. The proposal is an effort to fulfill a range of aims: general, progressive tax relief; tax simplification; enhancement of work incentives; and reduction of marriage penalties. The plan is a bit more complicated than the three options outlined above, but this at once reflects its virtues as much as weakness. Simplifying taxes, paradoxically, raises some complicated issues. In particular, replacing four provisions with one is not as easy or simple as adding a new provision to the tax code or expanding an existing one.

Here's how the Simplified Family Credit would work. As a taxpayer's earnings increase, the credit phases in, starting at a rate of 50 percent of earnings. It "maxes out" at a level that exceeds that of the current EITC. For example, a family with two children and an income of $25,000 could get a refundable credit of $4,600, given our trillion-dollar budget constraint. The benefits go to almost all families with children, including those who qualify for the present EITC.

The phase-down of the credit as income continues to increase is more gradual than that of the EITC, and there could be a minimum credit of $1,900 per dependent child available to all taxpayers with kids. This is well over the present value of the dependent exemption and Child Tax Credit in the 28 percent income-tax bracket, which is $1,284. It also exceeds the benefits of Bush's proposed $500 increase in the Child Tax Credit. Unlike the EITC, the Simplified Family Credit increases if there are more than two children in the family.

In contrast to any of the foregoing options, the Simplified Family Credit significantly reduces marginal tax rates and marriage penalties for many families currently eligible for the EITC. In addition, the simplified credit means that a number of worksheets, forms, tax tables, and instruction books can be replaced with a single page that consists of a 12-line worksheet and a simple table.

The Simplified Family Credit can be targeted in a more progressive fashion than any of the options above, since the phase-in, phase-down, maximum, and minimum benefits can be adjusted to suit equity criteria without destroying the overall design. Combinations of these options are conceivable. There is not much in the Simplified Family Credit or in a refundable child tax credit for persons without children; and conversely, persons with children are not helped as much by a payroll-tax rate cut or refundable payroll-tax credit.

Whatever final decisions Congress makes, the Bush administration is just wrong to assert that we can't have greater tax relief for working families because they simply don't pay enough taxes. Once we put payroll-tax cuts on the table, that premise changes. Any of these four options is preferable to the Bush proposal on equity grounds. And any failure to devote a tax cut to working families with children will be a failure of politics, not technical economics.

EVEN REPUBLICANS HAVE DOUBTS ABOUT BUSH'S MAGIC ASTERISK

By Thomas Oliphant
Boston Globe
http://www.boston.com/dailyglobe2/065/oped/Even_Republicans_have_doubts_about_Bush_s_magic_asterisk%2b.shtml

THE RELENTLESS GOOD CHEER of the fledgling Bush administration disappears in a flash when policy basics get questioned.

The president himself may exude charm, but try asking whether his budget numbers add up or whether the proposed tax cuts are fair, and the Bushies can get nasty very fast.

In six weeks as Treasury secretary, the normally affable Paul O'Neill has yet to show he can have a civil conversation about tax fairness. He either rejects the topic as nonsense, dismisses questioners as would-be class warriors, or covers the blatant unfairness of the Bush proposals in a smokescreen of fuzzy math.

The same goes for the new budget director, Mitch Daniels - like O'Neill, no stranger to Washington ways and wars. Since the initial Bush presentation, the equally affable Daniels has taken to lumping questioners into a catchall, "our Democratic opponents," category. And, moving a step beyond his Treasury colleague, he has truculently challenged analysts to find smoke or mirrors in his proposed program. There's a reason for this. The program falls apart once details are introduced. And, more interesting, because the questions are coming from moderate Republicans as much as from partisan Democrats, the political strategy is to make the debate seem partisan as a means of pressuring GOP doubters to stay in line.

It might have a chance of working if the numbers made sense. But they don't, which is why the questioning is only going to get more intense.

For all the right reasons, the tax cuts and the weak commitment to national debt repayment have been receiving most of the initial flak, but the fact is that Bush critics can have just as much fun with the spending side of the ledger.

Mitch Daniels's challenge to outsiders is understandable if you remember Ronald Reagan's White House. Twenty years ago, Reagan's famous gamble with the country's public finances was based on an inability to propose a program that met the basic obligation of truth-telling about tax cuts and program cuts; the result was a quadrupling of the national debt. And the key to that inability in Reagan's first budget presentation was a vague phrase in a footnote referring to "savings to be proposed later." They never were.

That famous "magic asterisk" is back in 2001, in a footnote on Page 188 of the budget outline released last week.

This time around, the reference is to what the budget document calls "offsets." a polite word that means cuts in English. What the footnote says is the following: "The final distribution of offsets has yet to be determined."

In English, that means that just like Reagan 20 years ago, Bush is not prepared to recommend the pain to go with the pleasure of tax cuts and increases in popular programs. That inability not only covers the fiscal year that begins this fall; it also covers the 10-year period during which the proposed tax cuts will take an officially underestimated $1.6 trillion out of the revenue base.

For the year ahead, the administration's budget mentions more than $20 billion in "offsets" that it needs to make its program come out as advertised. But while about $8 billion of that total is generally referred to as "earmarked funding" (Washingtonese for pork-barrel spending) and one-time expenditures, fully $12 billion is supposed to come out of the hide of programs that are not further identified, except that 10 agencies face cuts.

Moving further into the future, the horrid math gets even fuzzier. The president could offer in his speech to Congress and subsequent campaign-style appearances a vision of "we can have it all" economics that included numerous goodies - more for reading instruction, more for the military, for example.

In all, his budget document identified some $260 billion in additional spending over the next decade that buttressed his effort to appear compassionate.

But the conservative reality was fudged, with only $30 billion in those pesky "offsets" actually identified.

Bush insisted that overall, his plan will produce a reduction in the rate of growth of spending that is "discretionary," or subject to annual congressional appropriations, to 4 percent from the current pace of 6 percent over the 10-year period.

But not only does his budget not specify the means to this end, it is being opposed even by conservatives like Senator Pete Domenici of New Mexico, the Republican chairman of the Senate Budget Committee, as unrealistically low.

This is why Bush is running into trouble persuading conservative Democrats and moderate Republicans (above all, in the Senate) to sign onto anything close to a $1.6 trillion tax cut without a credible accompanying budget.

And that is why O'Neill and Daniels turn partisan when the tough questions are asked. That questioning has only just begun.

PUBLIC SQUALOR BETRAYS OUR NATION'S SOUL

By Paul Rogat Loeb
Los Angeles Times
http://www.latimes.com

Last week, I ran into a friend I worked with twenty years ago at a senior center. Lately, he's been working on emergency preparedness--helping Seattle retrofit its homes, businesses, and schools to withstand major earthquakes. Supported by the Federal Emergency Management Agency's $25-million Project Impact, my friend has been developing and promoting inexpensive solutions, and training homeowners, builders and contractors.

"What a great program," I said, "because sooner or later, the big one's going to hit!" Unfortunately, a few days after our conversation, President Bush targeted Project Impact to be eliminated--to help him give $70 billion in tax cuts to the richest 1% of Americans.

Later that same day-Wednesday--a major earthquake hit Seattle. My cat fled, an instant before, and stayed hidden beneath the couch for the afternoon. I grabbed my swaying computer and pushed back sliding file drawers. Pictures fell off bookshelves, shattering their glass. But otherwise my family was completely unharmed. And the city as a whole emerged relatively unscathed. We saved priceless lives and untold dollars in part because this was a deep quake, less damaging than "the big one" still possible, but also because Seattle has been steadily retrofitting vulnerable buildings, bridges, and highways through public programs like Project Impact.

The earthquake--and Bush's same-day proposed elimination of the very program that helped us prepare for it--underscores the folly of believing Margaret Thatcher's pronouncement that "There is no such thing as society--there are only individual families." Invest in our infrastructure, and it will stay mostly solid, even while the ground shakes, rattles, and rolls beneath it. Invest in all our children, and they'll grow up healthy and strong. Invest in our communities, and ordinary citizens will feel hopeful. Invest in technologies like wind power, compact-fluorescent light bulbs, and efficient mass transit, and we won't have to choose between rationing electricity and despoiling our environment.

Instead, despite recent prosperous times, we've continued to accentuate what John Kenneth Galbraith once called "private affluence and public squalor." Even before the earthquake, the state of Washington (whose disproportionately plentiful billionaires enjoy one of the most regressive local tax systems in the nation) was planning to slash $200 million from the budgets for mental health services, subsidized dental care, and other programs serving the poorest and most vulnerable. Nationwide, nearly 50 million Americans lack health insurance. Our new recession threatens more unemployment--and disaster for those hitting welfare term limits. Now, after losing by more than a half million votes and being handed the election by his friends in high places, our President is proposing the most regressive tax cut in twenty years.

We'd all welcome a "refund" from the feds, but the earthquake reminded me that neglecting to invest in our common future undermines the foundation of our society. I'd love to see real tax reform, so that as a self-employed person averaging $30,000 a year and paying both income and social security taxes, I'd no longer pay at a higher rate than Bill Gates does when selling a billion dollars of Microsoft stock. But this proposal gives the bulk of its benefits to that tiny minority of Americans who already control the vast share of our national wealth. It slashes the resources available to address America's real crises, and to build for our future.

As former Rep. Ron Dellums (D-Berkeley) once said, you learn a lot more about the state of a nation's soul by looking at its budgets than by heeding the words of its politicians. It's nice that President Bush sends Seattle his prayers. But hard commitment goes further than easy compassion, not only for "the big ones" still looming, but also for the largely invisible disasters that so many of our citizens face day after day.

BEWARE BUSH'S WORDS ON SOCIAL SECURITY & MEDICARE

By Robert Kuttner
Boston Globe
http://www.boston.com/globe

ALTHOUGH HIS PROPOSED tax cut has captured the headlines, President Bush's budget is also offering America a radically different path for its two best-loved programs, Social Security and Medicare. Until recently, these towering monuments of social insurance were politically untouchable.

Even President Reagan, who was at least honest about his conservative goals, did not dare mess with Social Security. Medicare, until lately, has also been sacrosanct. Both parties have vied with each other to pose as its champion.

But buried in the fine print of the Bush budget and obscured by its rhetoric are two fundamental changes that would shift costs and risks from the social insurance pool to the individual for both Medicare and Social Security. As in the campaign, Bush has proved to be a master of cloaking radically conservative ideas in disarmingly liberal language.

To listen to his budget message, for example, you'd think he was proposing prescription drug coverage for all seniors. But the fine print reveals that Bush would merely allow older Americans to buy whatever drug coverage they could afford from a private insurance company. A tiny minority of low-income seniors who had spent unusually large out-of-pocket sums on drugs would get modest help from the government.

The speech also talked about saving Medicare. But read the fine print and you find that Bush actually proposes to tap the Medicare accounts for other uses while turning the current universal and public Medicare system into a voucher program.

Under the Bush plan, the government would give you a voucher and let you buy whatever private insurance the voucher could cover. If you could only afford a stripped down plan, too bad for you. In Bush-speak, this is known as choice. The voucher approach is also an invitation for the insurance industry to carve the population into the sick and the well and levy punitive charges on the sick.

Ever since its enactment in 1965, Medicare has been a universal program financed by taxes levied according to people's ability to pay with a universal risk pool. Largely because of the opposition of the pharmaceutical industry, which fears controls on its astronomical profits, Medicare has never covered prescription drugs.

So the Medicare program is at a crossroads. We can either take some of the immense surplus, restore Medicare to solvency, and add prescription drug coverage while were at it. That could cost something like $50 billion a year, or less than a third of what Bush proposes to give back in taxes.

Alternatively, we can shift risks and costs to the individual, as both parties have been doing ever since the 1997 budget deal. Indeed, one of the reasons why government has that huge surplus is that government programs have been cut, and none has taken a bigger hit than Medicare. If you or a loved one finds a hospital unit bereft of adequate nursing coverage or has difficulty getting medical tests you need, one culprit is private managed care and the other is the cut in the Medicare budget.

As my friend Jeff Faux, president of the Economic Policy Institute, puts it, the dictionary defines a surplus as something left over. But do we really think the money saved from Medicare cuts is left over or is it money that properly belongs to the care of the sick?

What Bush has in mind for Medicare is just a warmup for his plans for Social Security. He wants to take nearly a trillion dollars of the projected 10-year budget surplus and use it to underwrite the partial privatization of Social Security. Money would be diverted from Social Security funds into private retirement accounts.

Privatizing Social Security sounds like a good deal. But it's easy to forget that Social Security is not like an ordinary savings plan. It provides extra insurance against poverty in old age. Also, you can never outlive it; the checks keep coming. And it has additional benefits for the disabled and for widows and orphans. But turn it into an ordinary personal savings account and you can be the victim of a down stock market. Or your savings can just run out.

This is the difference between social insurance and having individuals fend for themselves. Maybe Americans are not alert to this radical threat because we take Medicare and Social Security for granted. This would be a good time for a refresher course on the value of social insurancewhile we still have it.

SENATE BEGINS WORK ON BANKRUPTCY OVERHAUL

Reuters
http://dailynews.yahoo.com/h/nm/20010305/pl/financial_bankruptcy_dc_7.html

WASHINGTON (Reuters) - The U.S. Senate on Monday began debating legislation supported by the banking industry that would overhaul the U.S. bankruptcy system by making it harder for individuals to wipe out their debts.

An almost identical measure easily passed the U.S. House of Representatives last Thursday and President George W. Bush (news - web sites) has expressed support for the changes that set new standards for how much relief debtors can get and how much they can be asked to repay.

Supporters of the overhaul, including banks, retailers, auto lenders and credit card companies, say current bankruptcy laws are being abused by people who could afford to pay back some of their debts. They argue that this burdens the economy and drives up the cost of credit for everybody else.

Senate Judiciary Chairman Orrin Hatch said ordinary Americans had had enough.

‘‘They are tired of paying for high-rollers who game the current system and its loopholes to get out of paying their fair share,’’ the Utah Republican said on the Senate floor.

Opponents, including academics, unions and consumer groups, counter that lenders should shoulder some blame for fostering bankruptcies through lax lending standards. They say the bill is too harsh on debtors who fall on hard times because of job losses, divorce, health problems or other unexpected setbacks.

‘‘This harsh legislation is an undeserved windfall for one of the most profitable and powerful industries in America -- the credit card industry,’’ said Massachusetts Democrat Sen. Edward Kennedy (news - bio - voting record).

Three billion credit card offers were made in 1999, Kennedy said, part of an effort to hook the elderly, college students and the working poor on credit card debt.

Concerned by a steep rise in bankruptcy filings in the 1990s, Congress has grappled with amending the bankruptcy code for several years.

Bankruptcy overhaul legislation cleared both the House and Senate last year before being blocked by former President Clinton (news - web sites), who said it would hurt struggling debtors.

Personal bankruptcies have declined the past two years, down to 1.25 million in 2000 from a record 1.44 million filings in 1998.

But signs the economy is slowing has spurred forecasts that bankruptcies will again be on the rise in 2001.

Means Test

Under the measure, debtors with income of over $100 a month after subtracting living expenses based on Internal Revenue Service (news - web sites) guidelines would be disqualified from Chapter 7 bankruptcy and put into Chapter 13.

Chapter 7 allows most unsecured debts, such as credit card debts, to be wiped out. Chapter 13 requires debtors to set up a plan to repay some of those debts over several years.

To protect the poorest debtors, the changes will not apply to anyone earning less than their state’s median income.

Other provisions would require mandatory credit counseling before a person files for bankruptcy and set a nationwide standard for how much of the value of their homes debtors may shield.

Also tucked away in the bill is a provision that would make it more difficult for British insurer, Lloyd’s of London LOL.UL, to reclaim money from American investors.

This portion of the bill bars U.S. courts from enforcing foreign judgements arising out of ‘‘any fraudulent misrepresentation and fraudulent omission’’ made to investors in the United States from 1975 to 1994.

Lloyd’s suffered huge losses during the late 1980s and early 1990s but several hundred American investors in Lloyd’s underwriting syndicates refused to foot the bill, claiming they were misled about the risks and were recruited to spread losses Lloyd’s already knew were in the pipeline.

The provision was slipped into the bill without any debate last year and is in the bill that cleared the House last week.

No votes on the bankruptcy bill were scheduled in the Senate Monday. Debate is due to resume Tuesday.

SUPREME COURT HANDS EPA SECOND VICTORY ON AIR RULES

Washington Post
http://washingtonpost.com/wp-dyn/articles/A26409-2001Mar5.html

The Supreme Court cleared the way yesterday for the Environmental Protection Agency to enforce new regulations aimed at reducing air pollution in the eastern half of the United States.

Without comment or published dissent, the justices refused to hear an appeal by power companies and states, which contended that the EPA had used improper criteria in setting the regulations. The Supreme Court's decision lets stand a March 2000 ruling by the U.S. Court of Appeals for the D.C. Circuit that upheld the regulations.

The EPA had written the regulations in 1998 with the goal of reducing persistent, severe smog problems in major eastern cities, including Washington, by May 2003. Much of the pollution was caused by pollutants drifting with the wind from the Midwest and Southeast toward the Northeast.

In order to oblige the "upwind" states to share in the burden of cleaning up northeastern air, the EPA required a total of 22 states and the District of Columbia to submit plans for eliminating those emissions of nitrogen oxide that could be stopped at a cost of $2,000 per ton or less.

However, industry and seven "upwind" states -- including Virginia -- decided to fight the EPA rules all the way to the Supreme Court, arguing that they failed to take into account differences in the amount each individual state actually contributes to pollution. Maryland supported the EPA's position.

The Supreme Court's decision not to hear the appeal comes less than a week after the court had unanimously rebuffed a major industry-led challenge to EPA's authority to set pollution control standards.

"Both decisions will help clean up the nation's air," said David Marshall, of the Boston-based Clean Air Task Force.

The cases are Appalachian Power Co. v. EPA, Michigan v. EPA and Ohio v. EPA.

In another one-sentence order issued yesterday, the court also decided not to hear Missouri's appeal of a lower court ruling that allowed the Ku Klux Klan to participate in the state's "adopt-a-highway" anti-litter program. The lower court said the state's department of transportation must give the Klan the same right to participate in the program as other groups have.

As a result, the name of the Ku Klux Klan may be displayed along a one-mile stretch of Interstate 55 near St. Louis.

Under the terms of the Missouri program, which is similar to those in many other states, organizations provide volunteers to pick up trash along a portion of a road, using state-supplied equipment. Each group's name is displayed on signs posted at the beginning and end of the "adopted" stretch.

The state had rejected the Klan's 1994 application, arguing that federal anti-discrimination law prohibited giving a place in the program to any avowedly racist group.

The Klan sued, arguing that it had been singled out for exclusion because of its political beliefs. Last year, the 8th Circuit Court of Appeals agreed.

Signs bearing the name of the "Knights of the Ku Klux Klan, Realm of Missouri" went up pending the Supreme Court appeal, but were torn down. The state also renamed the portion of highway after civil rights heroine Rosa Parks.

Missouri's appeal was supported by the District and 28 states that operate adopt-a-highway programs, including Maryland and Virginia. In a friend-of-the-court brief by Virginia Attorney General Mark L. Earley, the states argued, in part, that the road signs were speech by the state government itself, not by the groups whose names appear on them, so the Klan's freedom of speech was not actually at issue. Missouri was also backed by the Clinton administration Justice Department, which filed a brief in the case at the request of the justices.

The case posed a classic clash of constitutional values, and the justices appeared to wrestle with the dilemma, postponing a decision on whether or not to grant the appeal four times after the question was first scheduled to be discussed in their closed-door conference on October 27, 2000.

CYCLE OF DEATH

By Bob Herbert
The New York Times
http://www.nytimes.com

This is not about Antonio Richardson, a convicted murderer who is scheduled to be executed by the State of Missouri early Wednesday morning. I've seen no evidence to indicate that Mr. Richardson was innocent, and he seems to have fully exercised his rights of appeal. So it's not about him.

This is about us.

Antonio Richardson was part of a group of two boys and two young men who raped and murdered two young women in St. Louis in 1991. The women were sisters — Robin Kerry, 19, and Julie Kerry, 20. After being sexually attacked, they were pushed off the Chain of Rocks Bridge and into the Mississippi River, where they drowned.

If you're going to have a death penalty, this would seem to be the kind of case in which you would use it.

But Ginny Kerry, the mother of the victims, has asked the governor of Missouri, Bob Holden, to stop the execution of Mr. Richardson. He was 16 at the time of the attack. He was not a ringleader of the group. And he is so mentally handicapped he is unable to say in which state he lives.

We can rid ourselves of Mr. Richardson by sticking a needle into him, as planned, at 12:01 a.m. Wednesday. But I would argue with Ginny Kerry that by killing him we'll succeed only in diminishing ourselves.

Mrs. Kerry told a local television station: "I think that Antonio Richardson is responsible for what he did. But I requested clemency for him because of his youth and his diminished mental capacity."

Over the past two years only the United States, Congo and Iran have executed people for offenses committed when they were juveniles. Most of the world has moved beyond this gruesome practice.

Antonio Richardson was not only a juvenile, but brain damaged and borderline mentally retarded as well. Those are not excuses for rape and murder. But the interests of justice are sufficiently served by imprisoning Mr. Richardson for life. Killing him takes us across the border into barbarism.

Mrs. Kerry's appeal for clemency required great courage. Others in her family, including her former husband, Dr. Richard Kerry, the father of the victims, have let Governor Holden know that they want the execution to go forward. And Mrs. Kerry herself is a supporter of the death penalty. But she believes that the two oldest members of the group that attacked her daughters — Marlin Gray, who was 23 at the time, and Reginald Clemens, who was 20 — were the ones primarily responsible.

Mrs. Kerry told The St. Louis Post- Dispatch, "I definitely believe that they led (Richardson) into doing what he did. I know that teenagers do stupid things because they're around the wrong people."

Gray and Clemens have both been sentenced to death. The fourth member of the group was Daniel Winfrey, who was 15 at the time. He made a deal with prosecutors in return for his testimony and was sentenced to a long prison term.

The death penalty is a pathetic and pointless exercise, a sadistic cycle consisting of the wanton destruction of life in retaliation for the wanton destruction of life. We can kill Antonio Richardson, but to what end? It may, for some, satisfy a need for vengeance. But as a society, are we interested in vengeance or justice? They are not compatible.

Absurdities abound. Even as the State of Missouri is preparing for the execution of Mr. Richardson, it is considering legislation that would outlaw the execution of people who are mentally handicapped. If that were the law in Missouri today, Mr. Richardson could not be executed.

Several states have already passed similar laws. Governor Holden, a Democrat, is pro-death penalty. But a spokesman told me on Friday, "He is in favor of a ban on executing the mentally retarded."

Mr. Richardson would be the 700th person executed in the United States since the reinstatement of the death penalty in 1976. There were some pretty bad actors in that lengthy parade. But there were also people who were too damaged mentally to know what was going on, and others who were so poorly represented they never came close to getting a fair trial. And inevitably, I believe, there were people in that parade of death who were innocent.

Governor Holden has until tomorrow night to decide whether to intervene in the execution of Antonio Richardson.