



NEWS UPDATE - March 9, 2001

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Quote of the Day...

“Whenever working people organize to improve their lives, President Bush is quick to accuse them of waging class warfare. If this is class warfare, then millions of workers just became casualties of class defeat.”

- San Francisco Chronicle editorial on the GOP killing workplace protections (San Francisco Chronicle, 3/9)

SUMMARIES

1. ANOTHER VICTORY FOR THE RICH AND POWERFUL (news)

The New York Times reports that the House of Representatives yesterday approved President Bush's tax plan to give most of the benefits to the richest 1% of the population.

<http://www.nytimes.com/2001/03/09/politics/09TAX.html>

2. BUSH SHOWS WHAT HE REALLY MEANS BY 'BIPARTISANSHIP' (news)

The New York Times reports that President Bush's victory in Congress today "on tax cuts will "come at a cost." As the article states, "the bitter House debate on the first phase of his tax cut and the near party-line vote that followed made it harder for Mr. Bush to argue convincingly that he would make good on his signature pledge to change the partisan tone in the nation's capital."

<http://www.nytimes.com/2001/03/09/politics/09ASSE.html>

3. GOP GETS LOBBYISTS TO DRESS UP AS BLUE COLLAR WORKERS AT PRESS CONFERENCE (news)

The Washington Post reports on a GOP memo sent to corporate lobbyists asking them to attend a press conference wearing hard hats and blue jeans so as to make it seem as if the Republican tax bill that gives most benefits to the wealthy has support from middle income people.

<http://washingtonpost.com/wp-dyn/articles/A43638-2001Mar8.html>

4. BUSH TREASURY DEPT. INADVERTENTLY PROVES DEMOCRATS POINT ON TAXES (news)

The Washington Post reports that despite the Treasury Department's efforts to skew their analysis of the Bush tax plan toward the GOP, "the report actually indicates that the top 20 percent of taxpayers would receive about 60 percent of the tax cut dollars and the bottom 40 percent would end up with about 9 percent."

<http://washingtonpost.com/wp-dyn/articles/A43625-2001Mar8.html>

5. HOW MUCH IS BUSH GIVING TO THE TOP 1%? (news)

The American Prospect reports on all of the priorities that could be fulfilled with the amount of money that Bush proposes to give the top 1% of income earners in his tax cut.

<http://www.prospect.org/print-friendly/webfeatures/2001/03/sobel-1-03-07.html>

6. WINNING – NOT POLICY – IS THE ONLY THING THAT MATTERS (editorial)

E.J. Dionne writes for the Washington Post criticizes President Bush's "hard line" on taxes, writing that the president is "creating the impression that what matters is not the actual policy but the perception that he's won."

<http://www.washingtonpost.com/wp-dyn/articles/A44319-2001Mar8.html>

7. BUSH EXPECTS US TO BELIEVE THAT \$180 WILL GET A FAMILY THROUGH RECESSION (editorial)

Gail Collins of the New York Times writes that while Bush wants people to believe his tax cut will spur the economy, per capita his plan only provides about \$180 a head – not enough to get people through even a mild economic downturn.

<http://www.nytimes.com/2001/03/09/opinion/09COLL.html>

8. WHY ARE THE MEDIA FALLING FOR BUSH'S TAX PLAN?? (editorial)

Jonathan Chait of the New Republic writes about how the Republicans are pushing the pardon scandal as a way to keep the media distracted from the fact that Bush's tax plan gives most of the benefits to the wealthy.

<http://www.thenewrepublic.com/031901/chait031901.html>

9. BUSH TO NOMINATE CONTRA SPIN DOCTOR TO STATE DEPT. POST (news)

The New York Times reports that President Bush's choice for the top Latin American policy post will face strong opposition because he "was in charge of a covert program during the Reagan administration to generate public support in the United States for the anti-Sandinista rebels, known as the contras."

<http://www.nytimes.com/2001/03/09/world/09DIPL.html>

10. NEW U.N. AMBASSADOR 'TURNED BLIND EYE' TO HUMAN RIGHTS VIOLATIONS (news)

The New Republic reports that "human rights activists did a collective double take" when Bush last week nominated John Dimitri Negroponte for ambassador to the United Nations. As the article states, while Negroponte was ambassador to Honduras in the mid 1980s, "the Honduran government was killing and 'disappearing' political opponents by the dozens. Most close observers, including some who served within the U.S. embassy, insist America knew about the abuses. And they accuse Negroponte of turning a blind eye."

<http://www.thenewrepublic.com/031901/wildman031901.html>

11. BANRUPTCY BILL WILL MEAN MORE PEOPLE FILE (news)

The New York Times reports that the corporate-backed bankruptcy bill being rammed through Congress may lead to a surge in people declaring bankruptcy.

<http://www.nytimes.com/2001/03/09/business/09BUST.html>

12. IT AIN'T NO BETTER SOUTH OF THE BORDER (news)

The Washington Post reports that while Bush claims that Mexico will provide more oil to the U.S. to help with the energy crisis "Mexico's energy problems are even more pressing than those faced by California in recent months. Although Mexico is one of the world's largest producers of oil, it imports natural gas from the United States and its dependence on those imports is expected to increase dramatically in the coming years."

<http://www.washingtonpost.com/wp-dyn/articles/A41918-2001Mar8.html>

13. INDUSTRY BOOSTS CONTRIBUTIONS TO GOP (news)

Congressional Quarterly reports that California energy companies are boosting their contributions to Republicans in an effort to insure that Congress does not lower their profits in an effort to stem the energy crisis.

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

14. CONSERVATION, NOT DRILLING, IS THE KEY TO FIXING ENERGY CRISIS (editorial)

The Detroit Free Press hammers the Bush Administration for trying to focus the energy debate on drilling in the Arctic National Wildlife Refuge. As they write, "This country has gone too long without assessing new options for energy conservation."

http://www.freep.com/voices/editorials/eenerg9_20010309.htm

13. LOOKS MORE LIKE A 'DIVIDER' THAN A 'UNITER' (news)

The Associated Press reports that despite Bush's comments that he is a "uniter," African American mayors from across the country are roundly criticizing him for certifying census numbers that undercount inner-city minorities.

<http://www.cnn.com/2001/ALLPOLITICS/03/08/blackmayors.census.ap/index.html>

16. NORTON AGAIN TRASHES ENVIRONMENTAL PROTECTION (news)

The Chicago Tribune reports that Interior Secretary Gale Norton, who claimed to be supportive of protecting federal nature reserves in her confirmation hearings, criticized the Clinton Administration for designating national land monuments that protect the environment.

<http://chicagotribune.com/news/nationworld/article/0,2669,SAV-0103090253,FF.html>

17. DESPITE RHETORIC, AMBASSADORSHIPS STILL GOING TO HIGHEST BIDDERS (news)

The Associated Press reports that "the new administration pledged to move beyond politics in choosing its diplomats, yet President Bush is mostly sticking to tradition in awarding plum foreign posts — London, Dublin and Ottawa, to name a few — to political friends and campaign contributors."

<http://www.usatoday.com/news/washdc/2001-03-08-ambassador.htm>

18. GOP IS THE ONE WAGING CLASS WARFARE ON WORKPLACE PROTECTIONS (editorial)

The San Francisco Chronicle criticizes Republicans for overturning OSHA ergonomics standards saying that "if this is class warfare, then millions of workers just became casualties of class defeat."

<http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2001/03/09/ED195197.DTL>

19. BUSH WEIGHS IN ON SIDE OF AIRLINES IN LABOR DISPUTE (news)

The New York Times reports that President Bush weighed in on the side of Northwest Airlines yesterday when he blocked the mechanics union from striking over low wages.

<http://www.nytimes.com/2001/03/09/business/09CND-AIRL.html>

20. BIG BUSINESS READIES FOR FAST-TRACK PUSH (news)

CongressDaily reports that "hoping to jumpstart the still largely somnolent effort to move fast track legislation on Capitol Hill, a group of corporate leaders sent a letter to President Bush Wednesday calling for "immediate" action." Such legislation would give the President broad authority to negotiate trade agreements that shirk environmental, labor and human rights provisions.

<http://www.nationaljournal.com>

21. FINDING EVEN MORE WAYS AROUND LABOR PROVISIONS IN TRADE DEALS (news)

CongressDaily reports that "Congressional Republicans are giving increasingly serious consideration to bundling a renewal of fast track trade negotiating authority--now referred to as trade promotion authority by the Bush administration--with individual trade agreements in a new effort to force compromises with Democrats on labor and environmental standards and other matters."

<http://www.nationaljournal.com>

FULL STORIES

CENTRAL ELEMENT OF BUSH TAX PLAN PASSES THE HOUSE

New York Times

<http://www.nytimes.com/2001/03/09/politics/09TAX.html>

WASHINGTON, March 8 — In the first big test of President Bush's standing in Congress, the House of Representatives today approved the heart of his tax-cut plan, an across-the-board reduction in income tax rates that was one of the foundations of his election campaign. The partisan edge in the debate was every bit as sharp as it was in the Clinton years. In the end, no Republicans voted against the bill, and only 10 Democrats broke ranks and voted for it.

The final tally was 230 to 198. The measure now goes to the Senate, where the prospects are uncertain.

In Fargo, N.D., President Bush told thousands of supporters immediately after the vote: "The American people had a victory today. The American family had a victory today. The American entrepreneur had a victory today."

The Republican leader, Representative Dick Armey of Texas, making the primary case for the tax cut on the floor of the House, said: "The American people are paying the highest taxes in peacetime history. We need to get that money out of Washington and into the pockets of the American people, and we need to do this as soon as possible."

But Democrats argued that a large tax reduction would mostly help the well-to-do and leave no money to meet the nation's social needs. Representative Richard A. Gephardt of Missouri, the Democratic leader, noted that just last week President Bush went before Congress and asked for more money for education.

"Will we have the funds to do what he wants to do, what we want to do in education?" Mr. Gephardt asked. "Will we be able to take care of Medicare and Social Security?"

Mr. Bush spoke by phone to Speaker J. Dennis Hastert of Illinois and other Republican leaders, congratulating them for "sending a strong message to the American people."

It was the first time since the Eisenhower administration that a Republican speaker was able to deliver such a victory on a Republican president's signature issue.

One Republican after another took shots at the Clinton administration. "The previous administration not only taxed Americans' wallets but their patience as well," Representative Mac Collins, Republican of Georgia, declared.

In the same spirit, Representative Tom Allen, Democrat of Maine, accused President Bush of having "a shriveled-up vision of what the American people want."

The focus now shifts to the Senate, where tax legislation is proceeding more slowly and where, as matters now stand, the Bush plan does not command a majority.

Senator Charles E. Grassley of Iowa, chairman of the Finance Committee, compared the tax bill to a river. "In the House of Representatives," he said, "the river starts out high in the mountains, very swift flowing. As it reaches the Senate, we're a bit downstream. The river moves slower." Still, Mr. Grassley said, a tax bill will become law "before spring turns to summer."

The top Democrat on the Finance Committee, Senator Max Baucus of Montana, said he thought Mr. Grassley's timetable was a bit optimistic. Still, he said, "Some tax-cut bill will be enacted this year, but who knows what it will look like."

The balance of power in the Senate may lie with a dozen or so moderates, evenly split between the parties, who favor a tax reduction but want to make it contingent on continued annual budget surpluses.

The legislation approved by the House today would lower taxes this year for all who owe income taxes by \$180 for single people and \$360 for couples. It would accomplish that by reducing the rate on the first \$6,000 of taxable income for individuals (\$12,000 for couples) to 12 percent from 15 percent and make the reduction retroactive to Jan 1.

Beginning next year, rates at higher brackets would be lowered in stages. The current top rates of 39.6 percent and 36 percent would be reduced to 33 percent. The 31 percent and 28 percent rates would be reduced to 25 percent. And the 15 percent rate would be eventually cut to 10 percent.

When the measure is fully effective in 2006, the rate reductions would save middle-income taxpayers a few hundred dollars a year and the wealthiest taxpayers tens of thousands of dollars. But in percentage terms, taxpayers in the higher brackets will get smaller tax cuts than those in the lower brackets.

At least four million people who already pay less than \$180 a year in income taxes or \$360 for a couple would be removed from the rolls altogether. But the bill would do nothing for the millions of workers who are even less well off and already owe no income taxes, though they pay Social Security and Medicare taxes on their wages.

The bill was limited to rate reductions. It would cost \$958 billion over the next 10 years, about three-fifths of the \$1.6 trillion Mr. Bush wants for tax cuts in that period. The total plan would actually cost the Treasury \$2 trillion in lost revenue, because the lower tax revenues would require \$400 billion more in interest payments on the national debt.

The House intends to take up later, perhaps as soon as this month, the other aspects of the Bush proposal, like the repeal of the estate tax, new breaks for married couples and an expanded tax credit for children.

The Treasury Department today released its first estimate of how Americans at different income levels would benefit from the overall Bush tax plan. The calculation showed that those with incomes of more than \$200,000 a year, less than 5 percent of taxpayers, would receive 25.4 percent of the tax reductions and that those with incomes under \$50,000, a majority of taxpayers, would receive 23.6 percent. But the Treasury's figures did not include Mr. Bush's proposal for repeal of the estate tax, a tax that is levied only on estates of more than \$675,000.

Citizens for Tax Justice, a research institute financed by organized labor, included the estate tax in its calculations and concluded that the wealthiest 1 percent of taxpayers, those with incomes above about \$370,000, would receive 45 percent of the tax relief under the plan. Before passing the Republican bill today, the House, by a vote of 273 to 155, rejected a Democratic alternative with much smaller tax cuts and with the tax relief concentrated on lower-income taxpayers. Fifty-three Democrats voted against this alternative, most of them on the ground that no tax cut should be approved until a budget was adopted.

The debate is not over whether there should be a tax cut, but over how large it should be and who should be the main beneficiaries. The 10 Democrats who broke ranks and voted for the Republican tax bill are mostly Southerners from districts that voted heavily for Mr. Bush for president. They were Robert E. Cramer of Alabama, Gary A. Condit of California, Sanford D. Bishop Jr. of Georgia, Ken Lucas of Kentucky, Collin C. Peterson of Minnesota, James A. Traficant Jr. of Ohio, Mike McIntyre of North Carolina, Bob Clement of Tennessee, Bart Gordon of Tennessee and Ralph M. Hall of Texas.

The Bush plan is predicated on the projection by the Congressional Budget Office that budget surpluses in the next decade will total \$5.6 trillion.

"Over the next 10 years," Mr. Armev maintained, "American taxpayers will be overcharged by a staggering \$5.6 trillion." Democrats replied that long-term forecasts were notoriously unreliable and compared them to the forecast for a blizzard here last weekend that never hit.

"Anybody who votes for this tax plan is reckless," asserted Representative Jim McDermott, Democrat of Washington. Representative Sander M. Levin, Democrat of Michigan, said, "It's gambling with the public's money."

But Republicans dismissed those arguments. "If we're waiting for absolute certainty in our projections," said Representative E. Clay Shaw Jr., Republican of Florida, "the American people will never get any of their money back."

The lawmakers also argued over how the large deficits came about in the 1980's and early 1990's when Republicans were in the White House and Democrats controlled Congress.

Democrats asserted that President Ronald Reagan's tax cut in 1981 had caused the deficits. Republicans said it was the propensity of the Democratic Congresses to spend money.

Representative Steny H. Hoyer, Democrat of Maryland, retorted that Congress never overrode a Reagan veto of a spending bill. "Get rid of this bogus argument about who upped the debt of the country," he declared.

NEWS ANALYSIS: BUSH'S TAX CUT TACTICS SHOW HARDBALL BEATING CONCILIATION

New York Times

<http://www.nytimes.com/2001/03/09/politics/09ASSE.html>

WASHINGTON, March 8 — President Bush's victory in Congress today may have come at a cost. The bitter House debate on the first phase of his tax cut and the near party-line vote that followed made it harder for Mr. Bush to argue convincingly that he would make good on his signature pledge to change the partisan tone in the nation's capital.

After weeks of lavishing nicknames on Democrats and inviting them to the White House, the new president answered a key question about the balance he would strike between being a reach-across-the aisle conciliator and an ideological warrior. As one of Mr. Bush's business allies put it, the opposition party is learning that this administration is "tough as hell" when it comes to issues of principle important to defining the Republican philosophy.

So while still talking about bipartisanship on issues like education and health care, Mr. Bush and his Congressional allies struck fast and cohesively this week to roll back federal regulations on repetitive stress syndrome and to pass the first and most significant part of Mr. Bush's proposed \$1.6 trillion tax reduction. It was a sharp reminder to the Democrats that they control neither the White House nor either chamber of Congress and that Mr. Bush has the power to shift the nation's political course to the right.

Moreover, the president who during his campaign deplored the "Washington war room mentality" and said "it is time for leadership that sets a new tone, a tone of respect and bipartisanship" showed that he was perfectly willing to play political hardball in pursuit of his agenda.

Using tactics reminiscent of President Bill Clinton's "permanent campaign," he took to the road to sell the tax cut in campaign-style trips to states of Senate Democrats who may be vulnerable in 2002. The Republican National Committee used automated calls to pressure some Democrats, and the White House's conservative allies took to the airwaves.

Yet rather than panicking conservative Democrats into supporting the \$958 billion reduction in taxes, the Republicans simply produced an equal and opposite partisan reaction. Two decades ago, Ronald Reagan had nearly 50 "Boll Weevil Democrats" from the South working at his side to pass his tax cut. Today, only 10 Democrats supported Mr. Bush.

And the conservative "Blue Dog" Democrats whom Mr. Bush's aides once considered to be their natural allies were the ones arguing most determinedly that it was irresponsible to rush through a tax cut before an entire budget could be debated. All day long they punctuated their protests with parliamentary delaying tactics.

Off the House floor, they complained that the failure to try building a coalition could haunt Mr. Bush. "When it's `my way or no way,' oftentimes `no way' wins," said Representative John Tanner, Democrat of Tennessee.

Both the first year of the Clinton presidency in 1993 and the early months after Republicans took control of Congress in 1995 were marked by party-line votes, and the battles set an uncompromising tone of confrontation that has remained.

Of course, both parties knew that today's vote was only a prologue. The real negotiations over tax cuts will take place in the Senate, where as many as 20 centrists are considered at play.

So Democrats — as the president's supporters pointed out — were playing political hardball of their own. Democratic leaders were working hard to solidify their own ranks to strengthen Senate Democrats and give them a good bargaining hand.

And even the complaints about Republican partisanship served a purpose for the Democrats, their strategists acknowledged. They were trying to undercut Mr. Bush's image as a different kind of Republican.

One question now is whether Mr. Bush will change his tactics for the Senate and seek compromise. Unlike in the House, in the Senate some Republican moderates have already come out against his tax cut plan. His task has also been complicated by the emergence of 11 senators from both parties who want a large tax cut to be contingent on a "trigger" that would keep tax reductions from phasing in if federal surpluses do not emerge as projected.

Senator Trent Lott of Mississippi, the majority leader, was already distancing himself early this week from the tone of the House tax battle.

"Our goal is to try to find a bill that will have total Republican support and a lot of Democrats, too," Mr. Lott said.

And Senator John B. Breaux, a Louisiana Democrat whom Mr. Bush has wooed, warned that the tone in the House could spill over into all kinds of issues.

"You can't talk about changing the way we do business in Washington and bringing about a spirit of bipartisan cooperation and then ram through a tax bill in the House" Mr. Breaux said. "That's the old way of doing things in Washington. That's why we're not getting things done."

Originally, it had not been Mr. Bush's intention to have his \$1.6 trillion tax cut — one of the most ideologically charged parts of his agenda — become the first big Congressional vote. During Mr. Bush's transition his aides said repeatedly that he wanted to move first on

education to show that the parties could find common ground on a popular, less divisive issue.

But one close adviser to Mr. Bush said that even on education policy, which both parties call a priority, compromise had proved difficult and was taking more time than expected. Still, he said, Mr. Bush had not given up on the idea that the two parties could work together in that area.

"If he wanted a Republican bill, he could have done it a month ago," the adviser said.

A Senate committee approved a major education measure today but left the most controversial issues to be fought out on the Senate floor.

On the tax cut, however, despite winning Senator Zell Miller, Democrat of Georgia, as an early convert, Republicans came to conclude they had little chance of gaining much Democratic support in the House, at least on this first tax vote of the year. Mr. Bush's aides had once spoken of the Blue Dogs as possible converts. But many of those conservative Democrats are even more zealous about paying down the debt than their party's moderates and liberals.

Aware that party lines were drawn and arguing that the income tax reductions in this bill would quickly stimulate the slowing economy, the Republicans sped their measure through the House.

Mr. Bush's aides and supporters predicted that over time he would yet win more Democrats.

"We will see bipartisan votes," said Representative Rob Portman of Illinois, one of Mr. Bush's closest House allies.

Ari Fleischer, the White House press secretary said, "We'll keep building support."

Other Bush supporters welcomed the near party-line vote, saying it gave Republicans an issue to wield against Democrats in 2002, when control of Congress will again be up for grabs.

"If you have the votes to pass the bill, why go out and protect the Democrats from themselves?" asked Grover G. Norquist, the head of Americans for Tax Reform, a conservative group.

SOMETHING BORROWED, SOMETHING BLUE

<http://washingtonpost.com/wp-dyn/articles/A43638-2001Mar8.html>

Washington Post

On most days, the political director of National Association of Manufacturers dons a suit and tie. But at a GOP tax cut rally outside the Capitol yesterday, Fred Nichols was sporting a faded blue "Farm Credit" hat, a striped rugby shirt and olive-green slacks.

The sartorial switch was not accidental.

Nichols's trade association, which pushed for yesterday's passage of President Bush's proposal to reduce income tax rates, circulated a memo among business groups this week urging lobbyists to show up in full force at the photo opportunity.

And it urged them to be "dressed down" so that "a sea of hard hats" could flank Speaker J. Dennis Hastert (R-Ill.) and other House GOP leaders to help buttress Republican arguments that the plan helps blue-collar Americans.

"The theme involves working Americans. Visually, this will involve a sea of hard hats, which our construction and contractor and building groups are working very hard to provide," said the memo, a copy of which was obtained by The Washington Post. "But the Speaker's office was very clear in saying that they do not need people in suits. If people want to participate -- AND WE DO NEED BODIES -- they must be DRESSED DOWN, appear to be REAL WORKER types, etc. We plan to have hard hats for people to wear. Other groups are providing waiters/waitresses, and other types of workers."

The memo provides a rare window into a common practice on Capitol Hill -- and among politicians on the campaign trail -- in which Republicans and Democrats go to great lengths to assemble average Americans who can convey the appropriate political message.

Indeed, House Democratic plans to showcase a waitress at an anti-tax cut media event yesterday fell through when the waitress didn't show up.

With just one phone call to the manufacturers' association, Hastert's deputy press secretary, Paige Ralston, was able to assemble a diverse group of men and women who provided the backdrop for yesterday's GOP media event.

While Nichols didn't bother to pose for the cameras, he was happy to comply with Hastert's wishes.

"It's casual day," he quipped, adding that he boasts legitimate aggie credentials. "My family farms in Missouri."

Lobbyists spread the word at Friday's meeting of the Tax Relief Coalition, a broad alliance of business groups pushing for tax cut legislation this year.

The Associated General Contractors of America recruited workers who were rebuilding a bridge on the Beltway.

The National Restaurant Association brought along waiters and waitresses from local eateries including Buca di Beppo, Sam & Harry's and T.G.I. Friday's.

"They're real workers who have real jobs, who will see a benefit from this tax cut," said Steve Sandherr, who heads the contractors' association. "The opportunity presented itself for them to come. They enthusiastically said yes."

With a hard hat perched upon his head, Terry Lemieux followed Hastert into the rally as the Beatles' tune "Taxman" faded out. "This is great for the working person, for families," said Lemieux, a mechanical foreman for Cianbro Corp. "My wife and I, we're looking forward to having a little bit more in our pocket at the end of the week."

Russ Freyman, the author of the memo, said the idea that lobbyists should adopt grittier attire was "a misinterpretation on my part." Freyman, who works in media relations for the manufacturers' association, attended the rally and emphasized that all of its working-class participants were genuine.

"I don't think anyone was posing as something they weren't," Freyman said.

TREASURY'S TAX CUT DATA CAN CUT 2 WAYS

Washington Post

<http://washingtonpost.com/wp-dyn/articles/A43625-2001Mar8.html>

The Bush Treasury Department issued numbers yesterday aimed at rebutting Democratic charges that much of the administration's tax cut proposal would primarily benefit upper-income workers. But a close look at the data suggests the administration may have inadvertently given more ammunition to the Democratic argument.

The report says that taxpayers making less than \$30,000 would receive a 136 percent reduction in income taxes, in part because of a health insurance provision that President Bush has not previously counted as part of his tax cut. The Treasury numbers "confirm that President Bush's tax cut plan provides the most help to low- and modest-income Americans," said White House spokesman Ari Fleischer.

Looked at from a different perspective, however, the Treasury report actually indicates that the top 20 percent of taxpayers would receive about 60 percent of the tax cut dollars and the bottom 40 percent would end up with about 9 percent.

The reason for the difference is the way Treasury presented the data.

In a departure from Treasury Department practices, yesterday's report did not give the results in so-called quintiles—dividing taxpayers into five broad economic groups—but instead used unequal ranges of income. The report also did not calculate the tax cuts received by the top 1 percent, which has also been standard Treasury practice.

The Washington Post calculated the rough quintile results by using the data contained in the report and previous Treasury quintile measures. Examined from this vantage point, the data appeared more problematic for the administration's effort to combat Democratic assertions that the Bush tax cut plan overwhelmingly benefits the richest Americans.

The top 1 percent of taxpayers already pay about 35 percent of all income taxes, meaning any broad-based tax cut would give them most of the tax cut dollars. But this has presented a political problem for the administration.

The Treasury report portrayed taxpayers by "cash income class," such as those making between zero and \$30,000. That range is so broad that it includes roughly the bottom two quintiles of previous Treasury distributional reports. The report breaks up the top quintile into three categories—\$75,000 to \$100,000, \$100,000 to \$200,000 and over \$200,000. The effect is to make the tax cut appear more evenly distributed among income groups.

"The idea is to make it more intelligible to people," a Treasury official explained. "People generally know what income level they are in, rather than what quintile level they are in."

Career Treasury staff, however, have outlined the department's distribution standards, including the need to use quintiles, in a 1999 report available on the Treasury Web site.

One table missing in yesterday's report that generally is included in Treasury distributional reports is percentage change in after-tax income. The Center on Budget and Policy Priorities, which opposes the Bush tax cut proposal, this week released an analysis showing that the top 1 percent would have a tax cut equal to 6.2 percent of after-tax income, compared with 1.9 percent and 0.6 percent for the middle- and lowest-income families, respectively.

Treasury said taxpayers with incomes of \$200,000 and more pay about 42.9 percent of current taxes and would pay 45.9 percent after Bush's tax cut went into effect. Experts say the Treasury Department was able to reach that conclusion because Bush lowers overall tax rates but does not adjust the tax rates for the alternative minimum tax, which is aimed at wealthy taxpayers. Some 15 million more taxpayers, many making \$100,000 to \$400,000, could end up paying the alternative minimum tax by 2011 because the Bush plan does not adjust the rates.

The report also did not include the effect of Bush's \$300 billion plan to repeal estate taxes. Treasury career staff previously have calculated that about 65 percent of the benefits from repeal of the estate tax would go to the top 1 percent.

COMPARISON SHOPPING: WHAT AMERICANS COULD DO WITH THE CASH BUSH WOULD BESTOW ON THE RICH

American Prospect

Today, George W. Bush is traveling around the country touting his top priority -- a giant tax cut. But he exaggerates the benefit to the middle class, while neglecting to mention that he would give the top 1 percent of families 43 percent of the tax cuts. The tax cut for the wealthiest 1 percent amounts to \$774 billion over 10 years. The American Prospect investigates what else the country could buy with that lump of cash (based on year 2000 expenditures) over the next decade. Shop for yourself.

The money that Bush would spend on the top 1 percent could fund the following:

Schools and Colleges

New Teachers. Pay almost two million teachers' salaries for 10 years.

Student Aid. Increase the federal Pell Grant budget 88-fold or multiply federal student loans 18 times.

Class Size Reduction. Multiply federal funding for class size reduction 193 times.

Preschool. Pay for preschool for all of the nation's four-year-olds almost eight times over (based on a cost estimate by the Brookings Institution's Isabel Sawhill).

Rebuild Crumbling Schools. Multiply federal spending on school renovation by 59 times (compared to the estimate for 2001).

Police Officers. Pay two million police officers' salaries for 10 years.

Substance Abuse and Mental Health Services. Multiply federal spending on substance abuse and mental health services 29 times.

National Health Research. Quadruple the National Institutes of Health's budget or increase funding for the National Cancer Institute 234-fold.

Prescription Drugs. Fully fund a comprehensive Medicare prescription drug benefit for senior citizens -- with \$36 billion left over.

Middle Class Tax Cuts. More than double Bush's tax cut for the bottom 80 percent of Americans.

Family Tax Credits. Triple funding for the Earned Income Tax Credit for the working poor and the child tax credit put together.

Family Support. Almost quadruple federal spending on welfare, child care, and child support enforcement.

Housing Assistance. More than quadruple federal housing assistance.

Food Aid. Multiply spending on the supplemental food program WIC 19 times or almost quadruple the federal food stamps budget.

International Food Aid. Increase international food aid 97-fold.

Transportation

Transportation Spending. Double federal spending on mass transit, highways, and aviation.

Natural Resources

Natural Resources and the Environment. Triple the total expenditures on natural resources, pollution control, and Superfund cleanup.

Farm Support. Quadruple federal expenditures on farm income stabilization.

TAX CUTTING: LISTEN AND LEARN

By E. J. Dionne Jr.

Washington Post

<http://www.washingtonpost.com/wp-dyn/articles/A44319-2001Mar8.html>

CHICAGO -- When President Bush visited the floor of the Mercantile Exchange here -- the place where they trade pork bellies and all manner of other stuff imaginable and unimaginable -- his words sounded inevitable as soon as they were out of his mouth.

Bush spoke of his joy at being in "entrepreneurial heaven" and declared: "The entrepreneurial spirit is what America is all about."

Now, I know perfectly well that no politician should be taken too seriously when he uses the "this is what America is all about" formulation. Yet this is one of those statements that has the ring of truth. The business of the Bush administration really is business, and tax cuts are what this presidency is all about.

Bush is rushing from state to state in an open effort to pressure Democrats to vote for his \$1.6 trillion -- or, if it's counted accurately, more likely \$2.1 trillion to \$2.6 trillion -- tax bill as he's written it. It's hard to see a tax plan as embodying infallible truth, and yet Bush is insisting that any plan either bigger or smaller than his own will depart from some golden mean. Republicans in the House of Representatives sped through a tax bill to keep up "the momentum," as if tax policy should be made the way party primaries are won.

Bush's problem is that he's selling a plan that his allies see as not doing what it claims to do and that his enemies see as doing far too much. That's not a golden mean. That's the cost of policy on the fly.

One of the senators Bush hopes to sell on his plan is Tim Johnson, a South Dakota Democrat. Johnson is philosophical about Bush's visit to his state -- it went for Bush by a large margin -- and fully expects to hold out for a smaller and more targeted tax cut.

What bothers Johnson is that Bush's plan was written in response not to the policy imperatives of 2001 but to the political imperatives of 2000: "He arrived at his number because of the importance of his primary and he had to get to the tax-cutting side of Steve Forbes." That would be the conservative businessman whom Bush once saw as the main threat for the Republican nomination.

Johnson is also bothered that Bush's bipartisan happy talk is belied by the bulldozer he's using to shove Democrats his way. "His approach clearly has not been bipartisan," Johnson says. "I don't think that's going over very well."

Well, you might ask, so what? If Bush gets this bill through, he's got a big victory. And if he has to settle for a smaller tax cut, he'll do what he did in Texas: take whatever passes, embrace it -- and, yes, declare victory.

But Bush's hard line will make that second strategy less workable. The more he insists that his is the one and only plan, the more difficult it will be for him to claim triumph when his bill is rewritten. And by importing to Washington the strategy of his Texas governorship -- take a few big campaign promises and make them the only things his administration is about -- he's creating the impression that what matters is not the actual policy but the perception that he's won. Bush has excellent views on baseball, but public policy should not be the same sort of game.

That's why more attention should be paid to criticisms of the Bush plan coming from his conservative allies. Yes, there are tactical games going on here -- if conservatives move right, Bush can then say he's in the center. But their objections are also substantive: If this tax cut is really about stimulating the economy, why put off so many of the rate reductions until after Bush's first term? Why not pass a tax cut for the next year or so, a period for which the revenue forecasts are reasonably accurate?

The conservatives are using this argument to make the tax cut bigger. In fact, they offer an excellent rationale for making it smaller, focusing the benefits on middle-class taxpayers who'll spend the money, and putting it into effect quickly. Then there would be no need

for the fig leaf of "trigger" mechanisms -- in theory, they'd void future tax cuts if the surpluses didn't materialize -- that promise action by future Congresses.

This, of course, would require Bush to change gears and accept that winning on his own terms is not the most important thing. But acknowledging that your own ideas are not necessarily the best ideas is what statesmanship is all about.

A TAXING DEBATE

By Gail Collins
New York Times

<http://www.nytimes.com/2001/03/09/opinion/09COLL.html>

The House passed a tax-cut bill yesterday. We're well on the way, in the words of Treasury Secretary Paul O'Neill, to "putting more money back into the hands of people who will buy homes and cars and bigger homes and bigger cars."

If American cars get any bigger, we'll have to start giving them their own addresses. Anyway, it's hard to imagine this bill sending a whole lot of people racing to the showroom. The House is only planning to ship us \$180 per capita right now. The other \$900 billion in cuts would creep in gradually, over the next 10 years, by which time current members of Congress will have gone to lobbyist heaven and somebody else will have to figure out how to balance the budget.

So it's a daunting task we're being given, folks — jump-starting the economy on \$180 a head. But Mr. O'Neill trusts the American public to do the patriotic thing and go into debt, leveraging the hope of a couple hundred dollars into a 15-year car loan or sizable addition to the family mortgage. "As debt service money . . . it's not a trivial number," he assured the Senate Finance Committee recently.

The Treasury secretary has been all over the place for the last couple of weeks selling the tax cut, and he's rapidly becoming my favorite cabinet member. We have not seen such a cranky administrative spokesman since the age of Sununu. Imagine the warmth of James Watt and the credibility of Ron Ziegler all rolled up in a package that keeps reminding everybody that this is not the way they do things back in the aluminum industry.

"Frankly, one of the things that's annoying to me as I come out of the private sector back into the public sector is to see this kind of chart," he snapped last Sunday on NBC, when Tim Russert was trying to get him to admit that the richest 1 percent of taxpayers would get 43 percent of the benefit from the Bush tax cuts.

That factoid is a particular sore point. Mr. O'Neill regards it as incredibly unfair when critics include the effects of the elimination of the estate tax in their calculations.

"It's only possible for them to be right if you grant them 50 assumptions that nobody in their right mind would accept," he said at a press conference last week.

This was during one of Mr. O'Neill's most legendary performances, in which he kept bragging that he had not worked in Washington since the Ford administration, and referred to "the government, whatever that is."

While Mr. O'Neill seems to be cultivating the public aura of a man who's planning to take away Tiny Tim's Christmas dinner, he is said to be a fine human being in private life. President Bush made that very point the other day when he went to give a pep talk to the Treasury Department staff. "He's got his priorities straight. He loves his family," Mr. Bush explained.

This was no aside. The main point of Mr. Bush's talk was to remind the Treasury workers to love their families. "The way I like to put it is this: There's no bigger issue for the president to remind the moms and dads of America, if you happen to have a child, be fortunate to have a child," he said.

But we digress. The first part of the tax-cut plan whisked through the House of Representatives yesterday while the Democrats flailed helplessly, demanding that the Republicans eat their budgetary vegetables before they demand tax reductions for dessert.

In Congressional debate, metaphor is all. "If a contractor is building a house and comes in under budget, he does not get to spend that estimated surplus on marble counter tops or solid gold fixtures. The unspent money would go back to the homeowners," said Kay Granger, a Texas Republican, in support of the cut.

This was possibly the most thought-provoking moment in the tax discussion. Has anybody ever built a house that came in under budget? Does this sort of thing happen frequently in Texas? Here in New York, if a contractor called up and announced that he had been given too much money to play around with, most people would be so stunned they'd probably agree to spring for solid gold fixtures.

The tax cut now goes to the Senate, which plans to change it and pummel it around and sit on it for months and months. In the meantime, Paul O'Neill is hoping you'll get on the waiting list for a Unimog.

READ NO EVIL

By Jonathan Chait
The New Republic

<http://www.thenewrepublic.com/031901/chait031901.html>

Imagine the president pardoned a wealthy criminal--let's call him "Mr. Rich"--who had written two \$500,000 checks, one to the president's campaign and the other to his party. Critics accuse the president of selling pardons. The president's spokesman indignantly denies that Mr. Rich donated \$1 million but refuses to say how much he did give. When pressed, the spokesman finally insists that Mr. Rich actually donated only \$500,000--a figure he arrives at by simply ignoring the existence of the second check.

No president could get away with such an obvious falsehood, right? Well, it depends on the nature of the lie. In the above case, the president would be pilloried for his dishonesty, because, according to the conventions of contemporary journalism, reporters are expected to make aggressive judgments on questions of character and pure politics. On questions of policy, however, these conventions are turned on their head, and reporters are required to be rigidly evenhanded--even toward assertions that are empirically false. Take George W. Bush's tax cut. On one of the primary controversies surrounding the cut--how much of it would accrue to the very wealthy--the administration's position is every bit as objectively untrue as the hypothetical case described above. And yet journalists have not exposed the lie. In some instances they have actively propagated it.

When President Bush unveiled his tax cut in 1999, Citizens for Tax Justice calculated that more than 40 percent of it would go to the richest 1 percent of Americans. Republicans dismiss CTJ as a liberal group, but its methodology is similar to the Treasury Department's. Indeed, the calculations aren't particularly subjective--since you know what tax rates apply to different levels of income, figuring out how tax cuts would affect people with different incomes leaves little room for subjectivity. Had Treasury performed the same calculation, it would almost certainly have produced just about the same result. This, one assumes, is the reason the White House won't allow Treasury to do so.

Instead, Bush's minions have replied to the CTJ estimate with a series of obfuscations. First, they emphasize that the tax cut would increase the proportion of income taxes paid by the rich. That's literally true--the top 1 percent pay 31.5 percent of income taxes now and would pay 32.6 percent under Bush's plan--but extremely misleading. Three-quarters of all workers pay most of their taxes in payroll taxes--a regressive levy labeled "FICA" on your paycheck. Bush's plan wouldn't touch payroll taxes. Instead, Bush has chosen to cut the income tax, which disproportionately affects the rich, and to completely abolish the estate tax, which affects the even richer. It doesn't matter if you cut rates more at the bottom if you're cutting only the most progressive taxes. The top 1 percent may pay a slightly higher share of income taxes under Bush's plan, but they would pay a significantly lower share of total taxes. The Bushies frequently make the first point, clearly hoping the media will mistake it for the second. And it does. Last Sunday's New York Times, to cite just one of many examples, dutifully reported that under Bush's plan "the wealthy would wind up paying a bigger share of [the] national tax burden than they do now."

The White House has muddied the waters further by ginning up transparently dishonest numbers of its own. Last October, after Al Gore hammered home the 1 percent argument, Bush's allies in Congress ordered the Joint Tax Committee to do its own distributional study. The JTC found that Bush's plan would give just 22 percent of its benefits to the top 1 percent. But the study had two crucial flaws. First, it only went up to the year 2005, before many of the upper-income tax cuts are fully phased in. Second, and more importantly, it examined only the income tax portion of the plan, ignoring the estate tax repeal, the most regressive feature. The study, in other words, did not even attempt to gauge the distribution of Bush's total tax cut. It merely demonstrated that Bush's tax cut is not that heavily tilted to the wealthy if you ignore the portions of it that are most heavily tilted toward the wealthy.

One might imagine that a press corps capable of ferreting out the truth behind a decade of Clinton scandals would have little difficulty uncovering such obvious falsehoods. But the rules of newspaper "objectivity" hold that on questions of policy there must always be two sides, and that both sides must be treated equally, regardless of their relative merits. Thus, as a Newsweek voter guide explained last November: "Gore says that 42 percent of the benefits go to the richest one percent; Bush says the figure is only 21 percent.... The truth lies in between; just where, no one knows." Similarly, Sunday's embarrassing Times article stated that "the richest 1 percent of taxpayers would get between 22 percent and 45 percent of the tax benefits, depending on how the calculations are done." Yes, and either the Earth circles the sun or the other way around, depending on how the calculations are done.

Even reporters who seem to grasp the inaccuracy of Bush's statistic still apparently feel obligated to give it respectful treatment. When Bush rereleased the JTC "study" last week, The Washington Post reported that he "released a partial calculation yesterday showing top earners would get 22 percent of the total dollar value of the tax cut." But this was not a study of the "total dollar value" of the tax cut, only a study of its least regressive portion. Not until the ninth paragraph did the Post mention the crippling flaws that make the study "partial." And even then there was nothing in the story to convey to any but the most informed reader that Bush's number was not just vaguely incomplete, it was deliberately misleading.

Reporters would never let someone get away with such a clear-cut deception if the question at hand was how much money Mr. Rich gave the president. So why should the rules be any different when the lie is about how much money the president gives to Mr. Rich?

IN FILLING LATIN POST, BUSH MAY REIGNITE FEUDS

New York Times

<http://www.nytimes.com/2001/03/09/world/09DIPL.html>

WASHINGTON, March 8 — President Bush's choice for the top Latin American policy post, Otto J. Reich, will face strong Democratic opposition in an echo of the fractious foreign policy feuds that marked United States policy in Central America 20 years ago, according to administration and Congressional officials.

Mr. Reich, who officials said is undergoing a White House background check before his nomination to be assistant secretary of state for the Western Hemisphere, was in charge of a covert program during the Reagan administration to generate public support in the United States for the anti-Sandinista rebels, known as the contras.

A government investigation concluded that Mr. Reich's office engaged in prohibited acts of domestic propaganda, like writing letters submitted to the op-ed pages of United States newspapers to appear as if they came from a contra leader.

For the past six years, Mr. Reich, who came to the United States from Cuba when he was 15, has been a lobbyist, and one of his major clients is Bacardi-Martini, which has paid him more than \$600,000, according to public records. Mr. Reich played a role in writing the Helms-Burton Act, which tightens the embargo on Cuba. The act has provisions that could benefit Bacardi by allowing suits against some foreign companies that do business in Cuba, which include Bacardi's competitors.

Mr. Reich's firm has also lobbied recently on behalf of Lockheed, which seeks to sell F-16 fighter aircraft to Chile, a move that would end a two-decade ban on the sale of high- technology arms to Latin America.

Mr. Reich's appointment has the backing of Gov. Jeb Bush of Florida and of Karl Rove, President Bush's senior policy adviser, who have acted at the behest of leaders of the Cuban-American community in Florida, Mr. Reich's supporters said. They argue that the Cuban-American community, a pivotal constituency in a narrowly divided state, voted heavily for Mr. Bush and deserves the appointment, according to Congressional officials from both parties.

Two key Democrats on the Senate Foreign Relations Committee expressed reservations about Mr. Reich.

"I do not believe that under these circumstances Mr. Reich is the right person for the job at this critical time," said Senator Christopher J. Dodd of Connecticut. "This is an important position that is going to require diplomatic and political skills to maintain bipartisan support for U.S. policies in the hemisphere."

Senator John Kerry of Massachusetts said Mr. Reich would have to answer some "serious questions" about his role in Central America during the Reagan years.

Critics of Mr. Reich's appointment say that putting him in the top post for Latin America portends a rocky road for Mr. Bush's repeatedly expressed desire to improve regional relations. "Our own hemisphere is in our national strategic interests," Mr. Bush said during the campaign.

"If Bush tries to placate hard-line Cuban-Americans in South Florida by appointing Otto Reich, he is going to find himself at odds with the core legions of the Republican Party — farmers and businesses — who want to open up to trade with Cuba," said Wayne Smith, an adjunct professor of Latin American studies at Johns Hopkins University and a former head of the United States interests section in Havana, who advocates liberalizing ties with Cuba.

Mr. Reich's supporters say that those who claim he will pursue his own agenda on Cuba or view regional relations through the prism of his anti-Castro sentiments are misguided.

"That's where people are in for a surprise," said Daniel Fisk, a senior fellow at the Heritage Foundation and a former aide to Senator Jesse Helms, the North Carolina Republican who was the driving force behind the Helms-Burton bill. "They're going to find him with a broader and deeper understanding of the hemisphere than the skeptics give him credit for."

Representative Lincoln Diaz-Balart, a Republican from Miami who has led the efforts to appoint Mr. Reich and personally approached Mr. Rove, called Mr. Reich "amply qualified" for the post.

The State Department and White House declined to comment on Mr. Reich's expected nomination because it has not yet been announced. Mr. Reich is out of the country and not available for comment, according to his office, RMA International, in Arlington, Va. Mr. Reich is president of the consulting and lobbying firm.

A number of liberal groups are preparing to mount a campaign against Mr. Reich.

"It is absolutely the wrong choice," said William Goodfellow, director of the Center for International Policy. "This will put us right back there" in the ideological battles of the Reagan era, Mr. Goodfellow said.

Mr. Reich antagonized many Democrats when he was head of the Office of Public Diplomacy, set up by President Reagan to counter the heavy criticism of the administration's policies in Central America.

Although officially part of the State Department, Mr. Reich reported to the National Security Council, where Lt. Col. Oliver North was running the covert anti-Sandinista program that arranged for the sale of weapons to Iran and the diversion of the profits to the contras.

In carrying out its work, Mr. Reich's office "engaged in prohibited, covert propaganda activities," the United States comptroller general concluded after an investigation in 1987.

In one instance, the office arranged for a university professor to write an op-ed piece for The Wall Street Journal, which was critical of the Sandinistas, without revealing to the readers, or even the newspaper, that the professor was a consultant in Mr. Reich's office and the office had collaborated in writing the article. "Officially, this office had no role in its preparation," Mr. Reich's deputy notified the White House in a "confidential-eyes only" memorandum.

At the same time, the office was writing two op-ed pieces, for The New York Times and The Washington Post, that would appear as coming from a contra leader, the memo said.

Mr. Reich left the public diplomacy office in 1986, before the Iran- contra affair erupted, and became ambassador to Venezuela, where he remained until 1989.

In his current role with RMA International, Mr. Reich is again associated with Johnathan S. Miller, the firm's managing director, who was Mr. Reich's deputy at the Public Diplomacy office. He has lobbied for British American Tobacco, being paid more than \$100,000 in the last three years, according to public records.

Aware that he faces a battle over his nomination, Mr. Reich has turned to some surprising places. This week, he left two messages with a New York Times reporter in Miami. In Spanish, Mr. Reich identified himself, and then said, "I am a Cuban, who lives in Miami and has worked for the American government for many years." He concluded the brief message, "I need your support for my nomination as assistant secretary of state for Latin America."

CONTRA AIDE

The New Republic

<http://www.thenewrepublic.com/031901/wildman031901.html>

One of the primary responsibilities of George W. Bush's new ambassador to the United Nations will be to berate countries like China, Burma, and Afghanistan for their violations of human rights. That's what America's U.N. ambassadors do.

Which is why, when the Bush administration announced its choice for U.N. ambassador this week, human rights activists did a collective double take. For although John Dimitri Negroponte has a reputation for doggedly defending U.S. interests overseas, he has at least as strong a reputation for making sure human rights don't get in the way. Midway through a foreign service career that began in the mid-'60s in Vietnam and continued through a stint in Mexico in the '90s, Negroponte served as ambassador to Honduras. It was the early '80s, and the Honduran government was killing and "disappearing" political opponents by the dozens. Most close observers, including some who served within the U.S. embassy, insist America knew about the abuses. And they accuse Negroponte of turning a blind eye. Says one human rights lawyer, "A guy like that is not going to be a very credible spokesperson for American principles on human rights."

Negroponte was U.S. ambassador to Honduras from 1981 to 1985. The Reagan administration had chosen the small, impoverished country as its base for covert military operations against the Communist Sandinistas who ruled neighboring Nicaragua. And Negroponte, a staunch anti-Communist who had proved his credentials on the streets of Saigon, was chosen to orchestrate the effort, building up military positions inside Honduras and training Nicaragua's anti-government Contra rebels just inside Honduras's borders. Under Negroponte's direction, military aid to Honduras rose dramatically, from \$4 million to \$77.4 million. To keep the aid flowing, the American embassy in Tegucigalpa needed to reassure Congress annually that Honduras was respecting the human rights of its citizens. Accordingly, Negroponte's embassy presented annual reports to the Senate Foreign Relations Committee promising, as the 1983 report put it, that the "Honduran government neither condones nor knowingly permits killings of a political or nonpolitical nature" and that there were "no political prisoners in Honduras."

But there were. In the late '80s the Inter-American Court of Human Rights, an arm of the Organization of American States, found the Honduran government guilty of "engaging in a practice and policy of systematic and gross human rights violations including disappearances, extrajudicial execution, and torture," says Jose Miguel Vivanco, executive director of the Americas division at Human

Rights Watch. In fact, those abuses had deeply disturbed Negrofonte's predecessor, a Carter appointee named Jack Binns, who served from October 1980 until October 1981. "I reported these abuses repeatedly," says Binns, "and urged that we take action to try and turn it around." In one cable to Washington after Reagan took office, Binns warned that General Gustavo Alvarez, chief of the Honduran armed forces, was considering modeling Honduras's response to suspected subversives on the infamous "dirty war" waged by the Argentine military in the late '70s. "Alvarez stressed [the] theme that democracies and [the] West are soft, perhaps too soft to resist Communist subversion," wrote Binns. "The Argentines, he said, had met the threat effectively, identifying--and taking care of--the subversives.... When it comes to subversion, [Alvarez] would opt for tough, vigorous and Extra-Legal Action."

A few months and several urgent cables later, Binns was summoned to Washington to meet with Assistant Secretary of State Thomas Enders, who told him to keep human rights violations out of his official reports and to restrict such information to undocumented back channels. "The rationale given to me by Enders," says Binns, "was that he was afraid this information would leak if it were reported in official channels and make it much more difficult to get funding from Congress." Not long after the meeting, Binns was replaced by Negrofonte, for whom he left a briefing book that detailed human rights abuses in the country.

Negrofonte wasn't in office long before his commitment to America's policy of silence was tested. In 1982 Leonidas Torres Arias, a disgruntled former colonel then living in Mexico, accused Alvarez of operating a death squad to combat "subversives" within Honduran society. Alvarez, alleged Arias, had "under his direct command a 'Special Investigations Staff'" responsible for disappearances. But, where Binns had voiced his concerns, Negrofonte and his team publicly denied the charges. "John mentioned ... on several occasions [that] there was a concern of ongoing human rights violations," says one former high-ranking embassy staffer about conversations he had with the ambassador. But Negrofonte, who has refused interview requests, didn't raise his fears with Washington, at least not through official channels. So vehemently, in fact, did Negrofonte's embassy deny the death-squad charges that The Washington Post wryly commented that "the reaction of the Honduran government and the U.S. Embassy occasionally has appeared so defensive--even vindictive--that it raises more questions than it puts to rest." Hondurans were disgruntled. "Why is the embassy so satisfied with Alvarez that it ignores this situation of human-rights abuses denounced by Torres Arias?" one Honduran politician asked a Post reporter.

Hewing to the Washington line, Negrofonte persisted with his denials. In a 1982 letter to The Economist, Negrofonte wrote that it was "simply untrue to state that death squads have made their appearance in Honduras." The Country Report on Human Rights Practices authored by his embassy and delivered to the Senate Foreign Relations Committee that year made the same claim. Further, the report explained, "there is no evidence of systematic violation of judicial procedures, and the Honduran government has taken action to discipline police who violated legal procedures." Alvarez was even singled out for praise: "The Honduran Armed Forces Chief of State Gustavo Alvarez recently issued a public statement denying that the government used torture and specifically stated that torture was not to be used on prisoners," the report explained admiringly. It also noted that "[a]ccess to prisoners is generally not a problem"; "[h]abeas corpus is guaranteed by the Constitution and Honduran law provides for arraignment within 24 hours of arrest. This appears to be the standard practice"; "[s]anctity of the home is guaranteed by the Constitution"; and "[f]reedom of speech and the press are respected." The joke in the embassy was that the human rights report read as if it had been written for Norway.

But more honest observers told a different story. As early as 1983 The New Republic reported that an independent group called the Committee for the Defense of Human Rights "regularly publishes reports on disappearances, killings, and arrests" in Honduras. And, the year before, Americas Watch, the precursor to Human Rights Watch/Americas, subtitled its report on abuses in Honduras "Signs of the 'Argentine Method.'" In a damaging four-part series, Ginger Thompson and Gary Cohn of the Baltimore Sun discovered that in 1982 alone the Honduran press at least 318 stories of extrajudicial actions by the military. The series further alleged that the embassy (and a select group of higher-ups in Washington) knew of the abuses and that the American public as well as Congress were consistently "deceived." In 1994, when the National Commissioner for the Protection of Human Rights in Honduras published a preliminary report on disappearances, the first public recognition of responsibility by the Honduran government, it listed 179 people as still missing and unaccounted for. And in 1995 Rick Chidester, a former embassy aide under Negrofonte, revealed to the Sun that his supervisors had ordered him to remove allegations of torture and executions from his draft of the 1982 human rights report. (After the Sun series, Negrofonte denied that he had personally issued such a directive.)

In fact, it seems Negrofonte would rarely have acted against human rights abuses at all were it not for the threat of public embarrassment. In July 1982 Oscar Reyes--a prominent journalist who had sympathized with the Sandinistas and openly criticized the Honduran army--was kidnapped and tortured along with his wife. When Reyes turned up missing, students protested and local newspapers reported the disappearance extensively. According to the Sun, U.S. embassy spokesman (and later ambassador) Cresencio Arcos told Negrofonte that Reyes's death would cause a public relations scandal for the embassy. Arcos told the Sun that Negrofonte intervened with Alvarez to obtain the Reyeses' release.

Even years after the fact, facing mounting evidence to the contrary, Negrofonte has still refused to admit that the Honduran government committed systematic abuses during his time there. In 1987 The New York Times interviewed a former Honduran army interrogator who claimed that a "network of secret jails, special interrogators and kidnapping teams" had "detained and killed nearly 200 suspected leftists between 1980 and 1984." The article went on to note that embassy human rights reports "appear to have consistently played down repeated instances of politically motivated killings." The following year the Times accused Americans serving in Honduras of having helped "organize an army intelligence machine they could not control." Negrofonte still stuck to the party line: "I have never seen any convincing substantiation that they were involved in death-squad-type activities," he told the Senate Foreign Relations Committee during his Mexico confirmation hearings in 1989. Six years later, faced with the evidence turned up by the Sun, Negrofonte still couldn't quite admit what went on. He acknowledged to the Sun's reporters that human rights had been compromised in specific instances, and he said

he had worked behind the scenes to effect change. But, he maintained, "I don't believe it was a matter of government policy to violate human rights."

Binns doubts Negroponete's naivete. "I find it difficult to believe," he says, "that an ambassador at an embassy doing its job would not be aware of [human rights abuses]. It appeared in the press, people spoke about it. So while it may not have been brought to his attention officially, it's hard to believe he wasn't aware."

But Negroponete's behavior makes sense to those who served in Honduras at the time. Lifelong bureaucrats, says one former high-ranking embassy staffer, have "an uncanny ability to tell the policymakers exactly what [they] want to hear ... [they] never let truth get in the way.... And John was ... one of these people." Letting Congress--already skittish about the Reagan administration's exploits in Central America--know the truth about the Honduran government would have complicated the Contra effort to which Negroponete's superiors were so deeply devoted.

Not exactly the moral sensibility you want in a U.N. ambassador--the person who, in the tradition of Daniel Patrick Moynihan, is supposed to take public, blunt, and often lonely stands against the thuggeries that populate First Avenue. But Washington has a short memory, and even Capitol Hill's most impassioned opponents of the Reagan administration's Central America policy don't plan to question, let alone oppose, Negroponete's nomination. "If there were ever a time for a nonideological, bipartisan foreign policy, this is it," says former adversary and potential presidential candidate Senator John Kerry. Seems like Negroponete's see-no-evil political style is catching on.

BILL TO RESTRICT BANKRUPTCIES MAY LEAD TO SURGE IN FILINGS

New York Times

<http://www.nytimes.com/2001/03/09/business/09BUST.html>

As legislation to tighten the rules for filing for bankruptcy gathers momentum in Congress, consumers facing a financial squeeze are being advised to act sooner rather than later.

Lawyers say they are cautioning clients not to delay, and some are running advertisements. Those actions and a continued weakening of the economy are likely to contribute to a surge in filings this year.

"It would be imprudent not to advise people that the legislation will make the process more cumbersome," David Shaev, a consumer bankruptcy lawyer in Manhattan, said.

A radio advertisement asks: "Have you thought about filing for personal bankruptcy? You may be well advised to make that decision right now, before the bankruptcy law is amended." The ad, which has been running on WCBS-AM radio in New York, on behalf of Dennis J. O'Sullivan, a bankruptcy lawyer in Flushing, Queens, concludes, "Now could be your last opportunity to receive relief under the current law."

Samuel J. Gerdano, executive director of the American Bankruptcy Institute, a trade association, said, "It's ironic that the purpose of the law is to reduce bankruptcy filings."

The legislation would make it harder for individuals to walk away from their obligations if they have the means to pay at least some of their credit card bills or other debts. After being rejected by President Bill Clinton, it was revived this year under the new administration. The House passed it last week, and last night the Senate was sorting through proposed amendments to the bill, which, if passed, President Bush is expected to sign.

Consumer bankruptcy filings declined 5 percent last year, according to data compiled by the Administrative Office of the United States Courts. Figures for the first months of this year are not yet available.

But data compiled by Lundquist Consulting on behalf of Visa's network of bank card issuers — which generally support the bill in hopes of recovering more money from bankruptcy filers — show a 20.3 percent increase in consumer bankruptcies from Jan. 1 through March 3 of this year, compared with a year earlier.

Bankruptcy leaves a consumer with a tarnished credit record for up to 10 years. So consumers in financial distress usually wait for several months after they are laid off or otherwise thrown into a cash squeeze and they have exhausted all their other options before going into bankruptcy.

When they do have to file, the most popular route is Chapter 7, which is the section of the United States Bankruptcy Code that allows consumers as well as businesses to shed most of their unsecured debts, or those that are not backed by assets like homes or cars.

The bill, though, would make this more difficult for consumers. Last year, 69 percent of the people who filed for bankruptcy opted for Chapter 7, according to the United States courts office.

Consumer lawyers say the proposed law will force more individuals into Chapter 13, which requires debtors to work out a plan to pay off at least a portion of their debts, typically over three to five years.

That is because the new law will require individuals to meet certain standards before they are permitted to file for Chapter 7. For example, the debtor's income needs to be less than his or her state's median income. There are also certain minimum payments to creditors that, should an individual be able afford to make them, would result in the case being shifted to a Chapter 13 bankruptcy.

Some bankruptcy lawyers have already noticed an increase in clients.

"My Chapter 7 business is up 25 percent so far this year," said Barbara Wyskowski, a consumer bankruptcy lawyer based in Sea Girt, N.J., adding that she gets several e-mail inquiries a day about the legislation. Ms. Wyskowski predicts that business will pick up more if the law is passed. From the time the legislation is signed into law, there will be a six-month period before the changes take effect.

Robert A. Goering Sr., a consumer bankruptcy lawyer in Cincinnati, who noted little pickup in his work so far, said: "I'd expect a 10 to 15 percent increase in bankruptcy filings if the law passes in the six months preceding its implementation. Then I'd expect a dramatic decline after it becomes effective."

The bill's sponsor in the House, George W. Gekas, Republican of Pennsylvania, said he was disappointed in the legal advisers.

"I think it's an awful commentary on our society when people are advised to go bankrupt as fast as they can," he said. "Every time somebody files for bankruptcy, everybody else in the country pays for it one way or another."

Mr. Gekas said his bill would not remove bankruptcy as a remedy for those who really need it.

"Either under our bill or the current system, if a person is legitimately burdened so that there is no other way out, they are guaranteed relief," he said.

The shift in administrations made it more likely that bankruptcy laws would be overhauled, hastening the decision of some individuals to file last year, lawyers said.

Irwin L. Zalutsky of Zalutsky & Pinski, a law firm in Chicago that specializes in bankruptcies, said worries about the new bill prompted one of his clients to file for Chapter 7 in December. The client, a construction worker, was concerned that his income of about \$70,000 would prohibit him from Chapter 7 filing in the future.

"I talked with him early last year, and told him there could be a law change," Mr. Zalutsky said. "He called back in October, and I asked how business looked. He said there were fewer construction jobs, and his creditors were hounding him."

Supporters of the bankruptcy bill note that, in cases of extreme hardship, the courts have the discretion to permit individuals to file for Chapter 7 even if they exceed the income requirements.

Still, the matter is at the discretion of the judge, and some individuals do not want to take the risk. "It would be a luck of the draw, depending on which judge you get," Ms. Wyskowski said.

Like the lawyers, some credit counselors say more people are coming in for guidance, though they generally refer people for legal help elsewhere. As part of the pending legislation, consumers would be required to get credit counseling from an approved nonprofit organization before seeking bankruptcy protection.

"Our advice is always aimed at finding a way to avoid bankruptcy," said Timothy Raftis, vice president of Incharge Institute of America, a national nonprofit credit counseling organization. But, he added, "sometimes bankruptcy is the best option."

A former secretary at a leading company said she and her husband were being advised by Ms. Wyskowski to file for bankruptcy soon. Illness caused both of them to lose their jobs, she said, and her husband still faces surgery to remove a tumor.

"I called her because I was at my wits' end," the woman said. "She said the laws may change and we need to file as soon as possible."

MEXICO'S POWER WOES HINDER BUSH'S PLAN

Washington Post

<http://www.washingtonpost.com/wp-dyn/articles/A41918-2001Mar8.html>

MEXICO CITY, March 8 -- Energy Secretary Spencer Abraham came to Mexico today to underscore President Bush's commitment to "look first to our own neighborhood" to ensure the United States' long-term energy needs.

Like Bush, Abraham offered no specifics about how the United States intended to overcome obstacles ranging from Mexico's constitution, which essentially bans foreign participation in the nation's energy industry, to the country's chronic power shortages.

"We're still formulating what our goals and strategies should be," said Abraham, who met with reporters at the Hemispheric Energy Conference, an annual meeting of energy ministers from 34 nations.

Bush has repeatedly said that a coordinated effort involving the United States, Canada and Mexico is key to his long-term energy strategy, a theme Abraham stressed today on his first official foreign trip. He said Bush "has given me a clear mandate: to work, in the first instance, with our neighbors to meet our energy needs."

That may be difficult. Mexico's energy problems are even more pressing than those faced by California in recent months. Although Mexico is one of the world's largest producers of oil, it imports natural gas from the United States and its dependence on those imports is expected to increase dramatically in the coming years.

Mexico's electricity production cannot keep up with demand.

Power failures are common in urban areas such as Mexico City, and homes in much of the country, where at least 40 percent of the population lives in poverty, are not wired for electricity.

Since Mexico nationalized its oil industry in the 1930s, grabbing millions in assets from many U.S. oil companies in the process, it has been fiercely protective of its energy industry. Keeping foreign investment or participation out of the electric and oil industries has been a point of national pride -- and is written into the constitution.

But Bush is betting on Vicente Fox, the new Mexican president, to change the atmosphere. Fox, a pro-business pragmatist, is pushing to allow foreign investment in the state-owned energy monopolies while stopping short of privatizing them. Easing those restrictions would bring in the money needed to modernize and expand power grids and oil and gas pipelines. But Fox's proposal still must clear the Mexican Congress, where he has many enemies.

Abraham said that the Bush administration would "be respectful" of Fox's legal and cultural restraints. But he expressed hope that Mexico's growing power needs would "lead them in policy directions that would create a lot more opportunities."

"Each nation must decide what is the most appropriate way for it to encourage private investment based on their own history and legal structures," he said in a speech.

Abraham said today's meeting was a first step toward devising ways to surmount the problems between two neighbors whose "pipelines and power lines literally bind us together like a continuous handshake."

Abraham acknowledged, however, that few pipelines and power lines cross the border. For Mexico to become a meaningful supplier of power to the United States, millions of dollars would have to be spent upgrading the means to carry it. In addition, Abraham said, infrastructure on the U.S. side of key border areas is inadequate and would have to be improved.

Abraham said Bush had just signed a permit to allow a new electrical transmission line between Brownsville, Tex., and Matamoros, Mexico, which face each other on the border.

He also said initial discussions were underway to find ways to build other cross-border infrastructure.

POWER PLAY

Congressional Quarterly

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

When your industry faces a crisis, it might be time to reach out to your friends in Congress. In 1999, utility company Edison International didn't give its first political contribution until mid-February.

But in the midst of the California energy crisis, the parent company of Southern California Edison made \$4,500 in contributions in January, including \$2,000 to the leadership political action committee of House Speaker J. Dennis Hastert, R-Ill. Other recipients were California Reps. Doug Ose, a Republican, and Adam Schiff, a Democrat, along with Sen. Pete Domenici, R-N.M.

Domenici, who sits on the Senate Energy and Natural Resources Committee, had not received any money from the utility since his 1996 campaign. Pacific Gas & Electric Corp., California's other large utility, won't file its first report of 2001 until April.

CONSERVATION SHOULD WEIGH IN AHEAD OF MORE DRILLING

Detroit Free Press

http://www.freep.com/voices/editorials/eenerg9_20010309.htm

By putting together several cabinet secretaries to think about a long-term U.S. energy strategy, President George W. Bush has the right idea. This country has gone too long without assessing the balance between domestic energy sources and imported ones.

But just as important, if not more so, this country has gone too long without assessing new options for energy conservation.

The continuing Bush administration push to open the Arctic National Wildlife Refuge to drilling represents those problems in a nutshell. Oil in the refuge could cut the country's dependence on imports. But the amount there is subject to heated disagreement. At the low end of estimates, some environmentalists say, America would need to raise auto mileage economy only by a couple of miles per gallon to have the same net impact.

If the country can change the ratio of domestic to imported oil simply by improving its auto fleet average, isn't that a better first step than hauling heavy equipment into a wilderness otherwise unmarked by the criss-crosses of human activity?

The same question applies everywhere in energy policy. What can be achieved first via conservation?

Michigan has to be especially leery of easy energy solutions. Zeal to drill will rebound on forests and shorelines here. Burning more coal for electricity, without striving for the cleanest possible smokestacks, will do more than make the air murkier; it also will result in more by-products such as sulfur and mercury falling in the lakes, upsetting their chemistry and poisoning fish. Nuclear power isn't an option at all without a national disposal site; waste now sits around in casks within spitting distance of the Great Lakes.

The U.S. Senate has an energy bill before it that would authorize drilling in the refuge along with various tax breaks -- few of which have to do with conservation. Senators ought to stall this measure until the cabinet secretaries provide an in-depth report.

The administration undoubtedly will emphasize drilling on public property. But at the least the drilling ought to be put in a broader context of energy options -- and the potential for energy savings, as well.

BLACK MAYORS DENOUNCE FEDERAL REJECTION OF PLAN TO ADJUST CENSUS

Associated Press

<http://www.cnn.com/2001/ALLPOLITICS/03/08/blackmayors.census.ap/index.html>

SAVANNAH, Ga. (AP) -- The nation's black mayors opened their annual convention Thursday by denouncing the Bush administration's decision to reject any adjustment of census numbers to make up for undercounts.

"There's not a soul in this nation, no respected voice anywhere, who disputes the fact that African-Americans and people who live in cities were undercounted," New Orleans Mayor Marc Morial said at a news conference at the National Conference of Black Mayors.

Commerce Secretary Don Evans ruled Tuesday that the raw 2000 census count would stand without any statistical tinkering, calling the count "the most accurate in history."

The Census Bureau estimates about 1.2 percent, or 3.3 million, of the nation's 281 million people went uncounted. That's down from a 1.6 percent undercount in 1990.

But the black mayors said even a small undercount hurts cities with large minority populations by reducing their share of federal funds and state tax dollars, which are both based on population.

"It's less money for schools, less money for recreation projects, less money for senior citizen centers," said Mayor Wilbert A. Young of Wilksburg, Pa. "When you look at the people who are undercounted, race has to be a part of it, because it's blacks and Hispanics."

Critics say trying to correct census errors using statistical projections can inject even more mistakes into the count. Minority groups say resistance to adjusting the census is political, since population is used to allocate congressional seats.

The mayors insist even tiny cities can get shortchanged.

Mayor Marilyn Murrell of Arcadia, Okla., is worried that several of her city's 350 residents, most of them black, will go uncounted. She said census figures for Arcadia didn't budge between 1980 and 1990, hovering at 320.

"I can sit in my house and do the census," Murrell said. "You can sit in one place and count how many households and how many people there are."

The New Orleans mayor said he's particularly upset that the Bush administration made its census ruling before cities could examine the numbers themselves and respond. The Census Bureau began releasing the figures to states this week.

"It's putting the cart before the horse. None of us has seen the figures for our cities," Morial said. "That's not fair."

The National Conference of Black Mayors is made up of 450 black mayors nationwide.

NORTON ATTACKS CLINTON MONUMENT DESIGNATIONS

ChicagoTribune

<http://chicagotribune.com/news/nationworld/article/0,2669,SAV-0103090253,FF.html>

WASHINGTON -- Interior Secretary Gale Norton on Thursday criticized the Clinton administration for its policy of unilaterally setting aside vast tracts of land as protected national monuments.

She vowed a new direction for the Interior Department in which local landowners, commercial interests and local governments would take part in the decision-making.

Speaking before an "environmental summit" organized by the National Environmental Policy Institute and criticizing the previous administration for its "coercive, bureaucratic approaches," Norton complained that President Bill Clinton set aside the land without consulting local government and property owners and without providing additional resources to make the monuments more accessible to the public.

"A prime example of government not listening to people happened just a few months ago, when, in their final hours, the previous administration suddenly designated over 2.9 million acres of national monuments," she said. "That's bigger than the state of Connecticut."

In January, Clinton set aside more than 1 million acres in Montana, California, Arizona, New Mexico, Idaho and American possessions in the Caribbean as national monuments, protecting them from commercial development and exploitation. The tracts included Pompey's Pillar, a 150-foot sandstone column near Billings, Mont., where explorer William Clark of the Lewis and Clark Expedition carved his name in 1806.

"The previous administration took little trouble to assure that the monuments can be maintained," Norton said. "They didn't include a single new ranger to protect the monuments and guide people through the sites. They didn't include a single dollar to build a visitor center. They didn't include money to put up one sign so visitors can actually find the new monuments. And worse yet, they didn't work in concert with local property owners, elected officials and other people whose lives were affected to ask their input or their ideas."

In an interview with The Washington Post last month, Norton promised that the Bush administration would not try to roll back the monument designations, even though "I certainly disapprove of the process by which those monuments were generally created."

But she said she would work with landowners and state government officials to make changes.

Norton also accused environmental groups that opposed her nomination of attacking her for financial gain.

"You may have noticed some groups decided that attacking me might fill their fundraising coffers," she said. "There's a real problem facing Washington, D.C.--too often groups are pitted against each other. And unfortunately, political conversation too often becomes shrill and divisive."

She said environmental protection, conservation and economic development of wilderness lands can work in a spirit of cooperation.

"We can build on the principle of respect for property rights," she said. "Farmers and ranchers are often the best stewards of the land. We can achieve more by working with them, and capitalizing on their intimate knowledge of the land they depend on and the land they love."

The National Environmental Policy Institute said it organized the conference to foster cooperation among commercial interests, local government and environmental groups.

BUSH'S EARLY DIPLOMATIC PICKS A MIXED BAG

Associated Press

<http://www.usatoday.com/news/washdc/2001-03-08-ambassador.htm>

WASHINGTON (AP) — The new administration pledged to move beyond politics in choosing its diplomats, yet President Bush is mostly sticking to tradition in awarding plum foreign posts — London, Dublin and Ottawa, to name a few — to political friends and campaign contributors.

This week, he formally nominated William S. Farish, a family friend, to be ambassador to Britain. A millionaire horse breeder, Farish is chairman of the board of Churchill Downs, where the Kentucky Derby is run each year, and a big GOP donor.

Bush's nominee for Canada, Massachusetts Gov. Paul Cellucci, was one of the first GOP governors to promote Bush's presidential ambitions. He also is a close friend of White House chief of staff Andrew Card, a former Massachusetts state representative.

The latest example is Richard J. Egan, the pick to become U.S. ambassador to Ireland.

The Massachusetts business executive gave \$338,100 to Republican committees and candidates during the last election cycle, federal election records show. The donation includes a \$250,000 "soft money" contribution to the Republican National Committee.

"There's an understanding in politics that a big enough contribution will put you on the short list for an ambassadorship somewhere," said Larry Makinson of the Center for Responsive Politics, a watchdog group that follows the connections between money and politics.

Politics historically has played a role in the assignment of the more desirable embassies — London, Rome, Paris, Vienna, for example. These posts often are seen as rewards for political support, while the less glamorous foreign capitals usually are assigned to career foreign service officers.

Among the contenders for other choice posts: Jim Nicholson, former chairman of the Republican National Committee, for the Vatican; and Howard Baker, former President Reagan's chief of staff, for Tokyo.

The State Department lists 164 ambassadors, or chiefs of mission. About a third, 54, are political appointees; the rest are held by career foreign service members. The breakdown has been that way for decades.

During his Senate confirmation hearing two months ago, Secretary of State Colin Powell pledged to fill as many jobs as possible with professionals.

"We should never send somebody overseas to represent the people of the United States who is not qualified and competent and we have full confidence in, whether that person is a Foreign Service officer or a political ambassador," he said. "And you can be sure that, working with the president, those are the only kinds of people who will be sent overseas to represent the American people."

The administration has named its share of career diplomats. On Tuesday, Bush nominated longtime diplomat John D. Negroponte as U.S. ambassador to the United Nations.

Negroponte has served as ambassador to Mexico, the Philippines and Honduras. He also speaks fluent Greek, French, Spanish and Vietnamese.

Bruce Laingen, president of American Academy of Diplomacy, said Negroponte was "enormously qualified" for the job.

Political appointments are a reality, said Laingen, who found "nothing surprising" in the choices Bush has made.

"It's still early," he said, and the administration appears to be taking its time filling its position. "They haven't been rushing, and I would expect that. I would expect them to proceed with caution."

STIFFING 1.8 MILLION WORKERS

San Francisco Chronicle

<http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2001/03/09/ED195197.DTL>

Is this how compassionate conservatives behave? With the blessing of President Bush, Republicans in Congress moved swiftly to repeal the Clinton administration's regulations aimed at reducing the 1.8 million repetitive-motion injuries sustained every year by American workers.

All 50 Republican senators -- joined by six conservative Democrats -- voted to overturn the regulations. When Sen. Ted Kennedy, D-Mass., asked for a moratorium, so that an acceptable bipartisan compromise might be forged, his plea fell on ears deafened by the applause of business leaders.

Though signed in November, the new workplace regulations grew out of 10 years of study, which had been initiated by then-Labor

Secretary Elizabeth Dole, a member in good standing of the GOP.

The new ergonomic standards would have covered 102 million workers around the country. Government officials estimated the rules would have prevented 4.6 million musculoskeletal disorders, saving \$9 billion every year for the next decade.

To prevent injuries, the standards required employers to educate workers and tailor workstations so that employees avoided awkward postures and unnecessary strain. They also called for businesses to reimburse the medical costs of injured workers.

Who encounters these occupational health hazards? Cashiers, factory-line workers, meat cutters, forklift operators, poultry plant workers, secretaries and anyone else who regularly uses a computer.

As Sens. Hillary Rodham Clinton, Barbara Mikulski and Barbara Boxer tried to remind their colleagues, women make up 46 percent of the workforce, suffer 71 percent of the injuries related to carpal tunnel syndrome and account for 64 percent of repetitive motion injuries.

That, however, did not sway the compassionate conservatives.

For business, it was a big victory. For labor, a stinging defeat, which AFL- CIO chief John Sweeney denounced as "a naked payoff to big business contributors."

Whenever working people organize to improve their lives, President Bush is quick to accuse them of waging class warfare. If this is class warfare, then millions of workers just became casualties of class defeat.

BUSH BLOCKS NORTHWEST AIRLINES STRIKE

New York Times

<http://www.nytimes.com/2001/03/09/business/09CND-AIRL.html>

WASHINGTON, March 9 — President Bush blocked a strike against Northwest Airlines today, averting a potentially major disruption in air travel by 60 days.

The president made the announcement in Sioux Falls, S.D., one of the stops on his trip to muster support for his tax-cut plan. His action calls for an emergency-review board to begin a "cooling off" period in which the board will propose a settlement with input from the combatants.

A mechanics union voted on March 3 to authorize a strike against Northwest, the nation's fourth-largest airline, beginning Monday. The president had been expected to invoke the cooling off procedure, however.

Negotiations between the carrier and the Aircraft Mechanics Fraternal Association are continuing. "This order that I signed today will prevent any disruption of air service for the next 60 days," Mr. Bush said.

The mechanics have complained that they are underpaid. "We hold thousands of lives in our hands every day, and we're not adequately compensated," O.V. Delle-Femine, national director of the union, said on March 3 after the strike vote.

The action that Mr. Bush took today is authorized under the Railroad Labor Act, designed to protect the economy against labor strikes, and must be requested by the National Mediation Board. The board made the official request last month.

If the parties cannot reach an accord during the cooling off time, Congress has the power to impose a settlement.

In acting today, Mr. Bush noted that several other airlines are engaged in contract talks.

"I'm concerned about their impact, concerned about what it could mean to this economy, and I intend to take the necessary steps to prevent airline strikes from happening this year," the president told reporters traveling with him.

MANUFACTURERS LAUNCH FULL COURT PRESS FOR FAST TRACK ...

CongressDaily

<http://www.nationaljournal.com>

Hoping to jumpstart the still largely somnolent effort to move fast track legislation on Capitol Hill, a group of corporate leaders sent a letter to President Bush Wednesday calling for "immediate" action. The letter, signed by members of the National Association of Manufacturers' board of directors and released today during a news conference, kicks off a campaign for fast track that NAM International Economic Committee Chairman Harold Wiens said could rival the successful business effort last year to pass legislation granting China permanent normal trade relations. Passing fast track, which the business community now calls "trade promotion

authority," is "absolutely essential to expanding U.S. trade and investment opportunities," Wiens said. He promised an "education" effort targeted at workers and held out the possibility of an advertising campaign for the bill.

At the briefing, NAM outlined its other top trade priorities for the year, including a Free Trade Area of the Americas agreement and maintaining "Foreign Sales Corporation-type benefits." If the World Trade Organization rejects Congress' effort to comply with a decision against the United States in the FSC case, and if a settlement cannot be negotiated, then Congress could create a "territorial tax system," NAM Tax Committee Chairman Jim Rose said. Under the system, which he said is similar to that used by European countries, only income within the United States would be taxed. Rose said this strategy would be WTO-compliant and would enhance U.S. competitiveness against EU companies. The very prospect of a U.S. territorial tax system is a bargaining chip against the European Union in FSC negotiations, he said.

NAM will vigorously oppose Bush administration plans to slash Export-Import Bank funding, arguing that the bank's activities are crucial for reducing the burgeoning U.S. trade deficit. Some other priorities are to reform U.S. trade sanctions policy and to seek greater trade agreement compliance enforcement. To reach these goals, the NAM will promote a "domestic consensus for trade," seek better relations with Europe and improve consultation between the private sector and U.S. trade negotiators. But Wiens said there was now no point in starting a new multilateral trade round, pointing to the lack of consensus, particularly between the United States and European Union. Although acknowledging the need to lay the bill's groundwork by promoting the benefits of free trade, Wiens nevertheless said passage of fast track "can't happen soon enough." According to the letter, the need for the legislation is "urgent" because of ongoing trade negotiations with Chile and Singapore and efforts to establish the FTAA. NAM officials again offered to discuss labor and environmental issues, but reiterated their determination to draw the line against wielding sanctions as a weapon to force improvements for workers and the environment.

... As Lamy Seeks Sign Of U.S. Leadership On Free Trade

European Union Trade Commissioner Pascal Lamy meets with administration and Congress this week to test the U.S. waters for a movement towards free trade. "The key question is whether or not the administration and Congress wishes to send the signal that the United States is back on the [trade] scene," he told the Chamber of Commerce today. "Everyone [in the world], of course, is watching; but I think the signs are reasonably good." This is true, he said, for two reasons. First, the closeness of the Republican election victories last November means both sides must compromise. Second, "the new administration seems to know where it wants to go" on trade policy. In his meetings with members of the Senate Finance and House Ways and Means Committees today, Lamy said is looking for signs that the United States is ready to move forward on presidential trade promotion authority, or fast track negotiating authority, as well as a new round of negotiations at the World Trade Organization. Lamy is urging the United States to join with the European Union to get the rest of the world moving forward on trade; the best way to move forward is for the two sides to get beyond their "numerous, incessant, and often noisy disputes," Lamy said.

Lamy also offered an opening on differences in bilateral trade disputes under the WTO involving bananas, beef and the Foreign Sales Corporation tax regime. "Perhaps we do need to acknowledge the need to clean out the barn, as long as we remember one word — compliance," which he said applies to both the United States and the European Union. A deadline in the banana dispute is ripening that could have broader ramifications. The European Council is set to consider implementation of a new banana regime in April, which, if it does, would likely trigger the United States' long-delayed decision to change a retaliation list of European exports to the United States facing 100 percent tariffs. This in turn would provoke Europe to retaliate. But the European Union will wait to impose the roughly \$4 billion in retaliation for the FSC regime, Lamy said, until a WTO body can determine whether the replacement tax measure complies with WTO rules.

On China's accession to the WTO, Lamy said they are within weeks or possibly months of settling final differences, but added that failure to accede by the November ministerial in Qatar would not affect the 140 WTO members' ability to launch a new round at that time. China could join the negotiation later on, he said.

GOP CONSIDERS OMNIBUS APPROACH TO TRADE PACTS, AUTHORITY

CongressDaily

<http://www.nationaljournal.com>

Congressional Republicans are giving increasingly serious consideration to bundling a renewal of fast track trade negotiating authority--now referred to as trade promotion authority by the Bush administration--with individual trade agreements in a new effort to force compromises with Democrats on labor and environmental standards and other matters. Trade Representative Zoellick met Thursday with House Rules Chairman Dreier and Rep. Jim Kolbe, R-Ariz.--two leading advocates of fast track renewal--to discuss the idea, along with other trade items.

An aide to Dreier underscored that no decisions have been made on long-term strategy or the details of legislation. But Senate Finance Chairman Grassley said he thinks the Senate might pursue such an omnibus approach. Grassley said Thursday he is looking to move a fast

track measure in his committee as early as next month and is seeking a bipartisan approach to the thorny issue of integrating labor and environmental standards.

The idea of packaging fast track with other items has drawn a negative response from some Democrats, including House Ways and Means Trade Subcommittee ranking member Sander Levin of Michigan.

Levin warned Zoellick this week that using trade agreements as "bargaining chips instead of building blocks" would not work. Among pacts that could be put into an omnibus package is one with Jordan, which has labor provisions acceptable to many Democrats. But Kolbe said, "I'd be reluctant to move just what they want on labor and environment and have them scuttle trade promotion authority." He added, "There has got to be some compromise."

Asked if he would endorse moving fast track as part of a package, Grassley told reporters, "I hope so," because Senate procedures could impede consideration of several individual items.

Grassley said he might try to move a trade promotion authority bill in April because the legislative calendar and a full agenda--including tax cuts, Medicare and drug benefit legislation--might leave a brief lull in the panel's workload.

Grassley said he was working with ranking member Max Baucus, D-Mont., on a compromise approach on labor and environmental issues. But Baucus maintains that no trade promotion authority measure should move without "laying the groundwork" on these issues first.

One approach Grassley said he is considering is to "monetize" sanctions on labor and environmental violations--a sort of fine instead of a trade sanction. Committee action would be only the first step in the process.

Sen. John Breaux, D-La., in an interview with CongressDaily Thursday, said the administration's focus on a host of other matters likely would mean no votes on trade promotion authority until much later in the year.

Breaux also said there was little discussion of the issue among Finance panel members at this point.

At a luncheon Thursday hosted by the Congressional Economic Leadership Institute, outgoing European Union Trade Commissioner Pascal Lamy reinforced the Bush administration's case for trade promotion authority.

"If trade promotion authority is denied by Congress, it would be hard for the U.S. administration to establish itself as a credible negotiating partner," Lamy said.

Trade promotion authority proponents stand to get heavy lobbying support from the high-tech industry.

Texas Instruments has pledged to take the lead on the industry's efforts to craft a lobbying strategy for trade promotion authority, National Journal's Technology Daily reported. The company is spearheading a group of 11 high-tech associations that plan to make use of their successful efforts last year to gain passage of permanent normal trade relations with China.

Cynthia Johnson, TI's director of government relations for international trade, said one of the strategies that worked well with PNTR was to break down the high-tech industry into sectors and educate members on how the trade agreement would specifically benefit each sector.

Meanwhile, the National Association of Manufacturers' board of directors has sent a letter to President Bush calling for "immediate" action on fast track. The letter, released Thursday, kicks off a campaign for fast track that NAM International Economic Committee Chairman Harold Wiens said could rival the successful business community effort last year to pass China PNTR.

He promised an "education" effort targeted at workers and held out the possibility of an advertising campaign for the legislation. According to the letter, the need for the fast track is "urgent" because of ongoing trade negotiations with Chile and Singapore and efforts to establish the Free Trade Area of the Americas.

NAM officials again offered to discuss labor and environmental issues, but reiterated their determination to draw the line against wielding sanctions as a weapon to force improvements for workers and the environment.

On other trade matters, Grassley--who met with Lamy Thursday--characterized differences between the European Union and the United States on the banana trade dispute as having narrowed to "face saving" rather than intractable policy matters.

He also said efforts should continue to resolve a pending dispute on Foreign Sales Corporations in order to avoid a new round of trade sanctions, including those the United States would apply on a carousel basis.

