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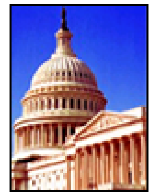

NEWS UPDATE - March 13, 2001

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Quote of the Day…

"Where money goes, sometimes you see results."

- *Republican Rep. George Gekas (PA), author of the bankruptcy reform bill, acknowledging th e motivation behind his bill (NY Times, 3/13)*

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2. JUMP IN HEALTH CARE COSTS FUELED BY PRESCRIPTION DRUG PRICES (news)
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3. NEXT UP FOR BIG BUSINESS: REPEALING THE ESTATE TAX (news)
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http://www.nytimes.com/2001/03/13/politics/13LABO.html

5. U.S. TRADE REP TO PUSH EVEN MORE FREE TRADE DEALS (news)
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http://washingtonpost.com/wp-dyn/articles/A59421-2001Mar12.html

6. MECHANICS UNION PROTESTS BUSH INTERVENTION IN STRIKE (news)
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http://www.cnn.com/2001/TRAVEL/NEWS/03/12/northwest.protest/index.html

7. CONGRESSMEN TO CREDIT CARD COMPANIES: SHOW US THE MONEY! (news)
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http://www.nytimes.com/2001/03/13/politics/13LOBB.html

8. STOP TRYING TO FOOL US ON BANKRUPTCY BILL (editorial)
Dave Zweifel of the Madison Capital Times hammers "Politicians who have the audacity to call themselves representatives of the people" yet voted for a bankruptcy bill to "protect corporations that make hundreds of millions in profits rather than the family that runs into hard times because of unexpected medical bills, the loss of income or some other uninsured calamity."
http://www.commondreams.org/views01/0313-05.htm

9. ENERGY CRISIS THREATENS TO MOVE INTO WASHINGTON STATE (news)
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10. HAS THE ABANDONMENT OF THE PROGRESSIVE AGENDA LEFT THE DEMS FOR DEAD? (editorial)
Former Secretary of Labor Robert Reich writes in the Washington Post asserts that the abandonment of a progressive agenda has severely crippled the Democratic Party. As he writes, "If the Democratic Party's alive, why doesn't it insist that the budget surplus be spent on health care for the 44 million Americans without it? And child care for the millions who lack it? And good schools for all kids? Why doesn't the party say it's plain absurd to spend $300 billion on the military when the Cold War is over, and tens of billions more on a missile-defense shield that won't work? Why isn't it outraged that most of the benefits of President Bush's tax cut will go to people at the top? Why does it play dead on the environment? Why?"
http://www.washingtonpost.com/wp-dyn/articles/A50030-2001Mar10.html

11. 'CENTRISM' IS PARALYZING THE DEMOCRATS (editorial)
Jeff Cohen of the Baltimore Sun writes that the so-called "centrism" taking hold of Democrats is paralyzing the party and alienating its base. As he writes, last year's presidential contest the Democrats did not force a "debate on many issues that matter to the Democratic base - from trade, corporate welfare and bloated military spending to criminal justice issues like capital punishment and the counterproductive, racially tinged drug war, which helped boost America's prison population during the Clinton years from 1.4 million to more than 2 million people."
http://www.baltimoresun.com/news/opinion/oped/bal-pe.clinton11mar11.story

12. FCC SITS BY WHILE RADIO CONTINUES TO CONSOLIDATE (news)
The Associated Press reports that the new administration at the Federal Communications Commission quickly appoved 32 mergers in the radio industry that "had been flagged by the commission for closer competitive analysis" depsite "of worries over widespread consolidation in that industry ."
http://www.nytimes.com/2001/03/13/business/13FCC.html

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FULL STORIES

http://www.nytimes.com/2001/03/13/politics/13LABO.html

March 13, 2001

G.O.P. PROTESTS BUSH BAN ON LABOR PACTS

New York Times

Thirty-two Republican members of the House have written to President Bush to disagree with his decision that effectively prohibits a type of labor agreement that often favors the use of unionized labor on federally financed building projects.

Many of the Republican letter writers are moderates with friendly ties to unions, which, like their Democratic allies, are furious with the executive order that Mr. Bush signed barring these pacts.

The pacts, project labor agreements, are between unions and builders and are negotiated for one project at a time; they set wages and benefits for all workers and companies involved in a given project. The unions promise to ensure a steady supply of labor and not to strike, and the agreements allow nonunion contractors to bid for the work.

In their letter, the Republicans wrote, "Project labor agreements have been used successfully since the 1930's to control costs, guarantee a steady stream of skilled labor and prevent work disruptions on huge public projects," including the Grand Coulee Dam and airports in Buffalo and Pittsburgh.

The writers added that many state and local officials — including the Republican governors of New York, New Jersey and Connecticut — had found these agreements valuable.

Representative Jack Quinn, a Republican from Buffalo who led the letter writers, said he had asked Mr. Bush to meet with House members and leaders of construction unions to discuss the executive order.

Scott McClellan, a White House spokesman, defended the order, saying, "The president believes that government contracting decisions should be based on fair and open competition, and those decisions should be neutral."

When Mr. Bush issued the order, aides asserted that these labor agreements were an unfair disadvantage to nonunion builders.

Accusing opponents of the agreements of spreading misinformation, the House members said these agreements were not "union only." Their letter added that the agreements did not inflate wages and benefits, because wages on all federally financed projects were already set by the national prevailing-wage law, the Davis-Bacon Act.

The House members said they had not ruled out proposing legislation that would seek to overturn Mr. Bush's order. Many of the writers are from the Northeast and Midwest and were endorsed by the A.F.L.- C.I.O. in the November elections.

Signers included Christopher Shays and Nancy L. Johnson of Connecticut, Christopher H. Smith and James H. Saxton of New Jersey, and Amo Houghton, Peter T. King, Benjamin A. Gilman, Felix J. Grucci Jr., Sherwood Boehlert and James T. Walsh of New York.

http://www.nytimes.com/2001/03/13/politics/13LOBB.html

March 13, 2001

HARD LOBBYING ON DEBTOR BILL PAYS DIVIDEND

New York Times

WASHINGTON, March 12 — A lobbying campaign led by credit card companies and banks that gave millions of dollars in political donations to members of Congress and contributed generously to President Bush's 2000 campaign is close to its long- sought goal of overhauling the nation's bankruptcy system.

Legislation that would make it harder for people to wipe out their debts could be passed by the Senate as early as this week. The bill has already been approved by the House, and Mr. Bush has pledged to sign it.

Sponsors of the bill acknowledge that lawyers and lobbyists for the banks and credit card companies were involved in drafting it. The bill gives those industries most of what they have wanted since they began lobbying in earnest in the late 1990's, when the number of personal bankruptcies rose to record levels.

In his final weeks in office, President Bill Clinton vetoed an identical bill, describing it as too tough on debtors. But with the election of

Mr. Bush and other candidates who received their financial support, the banks and credit card industries saw an opportunity to quickly resurrect the measure.

In recent weeks, their lawyers and lobbyists have jammed Congressional hearing rooms to overflowing as the bill was redebated and reapproved. During breaks, there was a common, almost comical pattern. The pinstriped lobbyists ran into the hallway, grabbed tiny cell phones from their pockets or briefcases and reported back to their clients, almost always with the news they wanted to hear.

"Where money goes, sometimes you see results," acknowledged Representative George W. Gekas, a Pennsylvania Republican who was a sponsor of the bill in the House. But Mr. Gekas said that political contributions did not explain why most members of Congress and Mr. Bush appeared ready to overhaul the bankruptcy system.

"People are gaming this system," Mr. Gekas said, describing the bill as an effort to end abuses by people who are declaring bankruptcy to wipe out their debts even though they have the money to pay them. "We need bankruptcy reform."

Among the biggest beneficiaries of the measure would be MBNA Corporation of Delaware, which describes itself as the world's biggest independent credit card company. Ranked by employee donations, MBNA was the largest corporate contributor to the Bush campaign, according to a study by the Center for Responsive Politics, an election research group.

MBNA's employees and their families contributed about $240,000 to Mr. Bush, and the chairman of the company's bank unit, Charles M. Cawley, was a significant fund-raiser for Mr. Bush and gave a $1,000-a- plate dinner in his honor, the center said. After Mr. Bush's election, MBNA pledged $100,000 to help pay for inaugural festivities.

MBNA was obviously less enthusiastic about the candidacy of former Vice President Al Gore, Mr. Bush's Democratic rival; according to the center, only three of the company's employees gave money to the Gore campaign, and their donations totaled $1,500.

The center found that of MBNA's overall political contributions of $3.5 million in the last election, 86 percent went to Republicans, 14 percent to Democrats. The company, which did not return phone calls for comment, made large donations to the Senate campaign committees of both political parties — $310,000 to the Republicans, $200,000 to the Democrats.

MBNA's donations were part of a larger trend within the finance and credit card industries, which have widely expanded their contributions to federal candidates as they stepped up their lobbying efforts for a bankruptcy overhaul.

According to the Center for Responsive Politics, the industries' political donations more than quadrupled over the last eight years, rising from $1.9 million in 1992 to $9.2 million last year, two-thirds of it to Republicans.

Kenneth A. Posner, an analyst for Morgan Stanley Dean Witter, said that the bankruptcy bill would mean billions of dollars in additional profits to creditors, and that it would raise the profits of credit card companies by as much as 5 percent next year. In the case of MBNA, that would mean nearly $75 million in extra profits in 2002, based on its recent financial performance.

The bill's most important provision would bar many people from getting a fresh start from credit card bills and other forms of debt when they enter bankruptcy. Depending on their income, it would bar them from filing under Chapter 7 of the bankruptcy code, which forgives most debts.

Under the legislation, they would have to file under Chapter 13, which would require repayment, even if that meant balancing overdue credit card bills with alimony and child- support payments.

Consumer groups describe the bill as a gift to credit card companies and banks in exchange for their political largess, and they complain that the bill does nothing to stop abuses by creditors who flood the mail with solicitations for high-interest credit cards and loans, which in turn help drive many vulnerable people into bankruptcy.

"This bill is the credit card industry's wish list," said Elizabeth Warren, a Harvard law professor who is a bankruptcy specialist. "They've hired every lobbying firm in Washington. They've decided that it's time to lock the doors to the bankruptcy courthouse."

The bill's passage would be evidence of the heightened power of corporate lobbyists in Washington in the aftermath of last year's elections, which left the White House and both houses of Congress in the hands of business-friendly Republicans.

Last week, corporate lobbyists had another important victory when both the Senate and the House voted to overturn regulations imposed during the Clinton administration to protect workers from repetitive-stress injuries.

Credit card companies and banks would not be the only interests served by the bankruptcy bill. Wealthy American investors in Lloyd's of London, the insurance concern, have managed through their lobbyists to insert a provision in the bill that would block Lloyd's from collecting millions of dollars that the company says it is owed by the Americans.

Lloyd's has hired its own powerful lobbyist, Bob Dole, to help plead its case on Capitol Hill. Last week, the chief executive of Lloyd's was in Washington to plot strategy.

The issue involves liabilities incurred by Lloyd's in the 1980's and 1990's when it was forced to pay off claims on several disasters, like the Exxon Valdez oil spill. Investors in Lloyd's are expected to share both its profits and its losses, but the Americans have refused to settle the debts, claiming they were misled by Lloyd's.

As he watched consumer-protection amendments to the bankruptcy bill fail by lopsided margins last week, Senator Patrick J. Leahy of Vermont, the ranking Democrat on the Judiciary Committee and a leading critic of the bill, said that colleagues had told him privately that they were "committed to the banks and credit card companies — and they are not going to change.

"Some of them do this because they think it's the right thing to do," Mr. Leahy said.

But he said other senators were voting for the bill because they know that the banks and credit card companies "are a very good source" of political contributions. "I always assume senators are doing things for the purest of motives," he added, his voice thick with sarcasm. "But I have never had credit card companies show up at my fund-raisers, and I don't think they ever will."

Mr. Gekas said the implication that money was buying support for the bankruptcy bill was insulting, and that the bill did most consumers a favor by ending practices by some debtors that had forced up interest rates for everybody else. "Bankruptcies are costly to all of us who don't go bankrupt," Mr. Gekas said.

In the late 1990's, banks, credit card industries and others with an interest in overhauling the bankruptcy system formed a lobbying group, the National Consumer Bankruptcy Coalition, for the purpose of pushing a bankruptcy-overhaul bill through Congress.

They said they needed to act to deal with what was then a record number of personal bankruptcy filings. According to court records, the number of personal bankruptcies hit nearly 1.4 million in 1998, a record, up from 718,000 in 1990. The number fell to just under 1.3 million last year, although it is expected to rise again if the economy continues to sour.

The coalition's founders included Visa and Mastercard, as well as the American Financial Services Association, which represents the credit card industry, and the American Bankers Association.

The Center for Responsive Politics found that the coalition's members contributed more than $5 million to federal parties and candidates during the 1999-2000 election campaign, a 40 percent increase over the last presidential election.

http://www.nytimes.com/2001/03/13/business/13FCC.html
March 13, 2001

F.C.C. APPROVES RADIO DEALS

Associated Press

The Associated Press reports that the new administration at the Federal Communications Commission quickly appoved 32 mergers in the radio industry that "had been flagged by the commission for closer competitive analysis" depsite "of worries over widespread consolidation in that industry ."

WASHINGTON, March 12 — The Federal Communications Commission, working its way through a backlog, cleared 32 radio mergers today after determining the deals warranted no further review.

It was one of the first major moves by the new chairman, Michael Powell, appointed by President Bush to replace the William E. Kennard. Mr. Powell has stressed the importance of expediting F.C.C. decisions, favorable to companies or not, so they can form appropriate business plans and not face uncertain fates in a changing marketplace.

"I do not believe the public interest is served by inaction," Mr. Powell said in announcing decisions on the radio deals. "Further delay is neither warranted nor just."

In this instance, the 32 mergers were cases that had been flagged by the commission for closer competitive analysis. In 1998, the F.C.C. began putting aside certain radio deals to look at them more carefully because of worries over widespread consolidation in that industry.

The consolidation stemmed from a 1996 telecommunications law that ended a restriction on how many radio stations a company could own nationwide. The same law also eased caps on how many stations a company could own in a local market.

http://washingtonpost.com/wp-dyn/articles/A59421-2001Mar12.html

GETTING OUT IN FRONT ON TRADE

TheWashington Post

As recently as a couple of years ago, when the scourge of AIDS began devastating whole societies in Africa, White House trade negotiators were backing American pharmaceutical companies to the hilt in their efforts to stop poor countries from obtaining cheaper generic copies of expensive anti-AIDS drugs.

Robert B. Zoellick, the new U.S. trade representative, makes clear that the Bush White House isn't going back to those days. As is his wont, Zoellick uses broad strategic terms to explain his decision, disclosed last month, to maintain U.S. policies adopted in 1999 and 2000 that give countries like South Africa more leeway to make or import generic AIDS medicine.

In his first major interview since President Bush appointed him in January, Zoellick framed the controversy over AIDS drugs as an important test of the administration's larger drive to increase the adoption of free-trade principles in the United States and around the world. Trade policies, he said, must be "fully aligned with our values," lest the cause of free trade be undermined.

While Zoellick emphasized his support for global trade rules that protect patents and other forms of intellectual property, he voiced concern that a backlash is building against the drug industry for aggressively asserting its patent rights in the face of a monumental health crisis.

"I'm convinced, whether it relates to child labor, forced labor, or HIV/AIDS -- and I'm sure there will be others -- that to be successful, I and my compatriots have to get out front on these issues," he said. "And frankly, so should've the pharmaceutical companies. If they don't get ahead of this issue, the hostility that generates could put at risk the whole intellectual property rights system."

Thinking a few steps ahead is one of Zoellick's hallmarks. A lanky 47-year-old with reddish-blond hair and mustache, he is known among colleagues as a master strategist and policy analyst -- a reputation he established during the administration of Bush's father, when he served as undersecretary of state for economic affairs and deputy White House chief of staff. His readiness to discuss the fine points of trade policy is winning paeans even from Democrats like New York's Charles B. Rangel, the ranking minority member on the House Ways and Means Committee, who told Zoellick at a hearing last week, "You've made one great first impression with colleagues on both sides of the aisle."

In the interview, Zoellick detailed his plans for how the Bush administration will advance its agenda for reenergizing the worldwide push toward removing barriers to the free movement of goods, services and investment.

Ever since late 1999, when a world trade conference in Seattle deadlocked amid violent protests, the political atmosphere surrounding economic globalization has become more poisonous and contentious. That poses a threat to Zoellick's major goals, which include launching a new round of global trade-opening talks -- the original goal of the Seattle conference -- and establishing a free-trade agreement covering the entire Western hemisphere, a Bush priority.

Zoellick's first task in achieving such trade pacts is daunting: He must win authority from a sharply divided Congress for the administration to negotiate effectively.

His Democratic predecessors failed to get "fast-track" authority to cut large-scale trade deals renewed when the law granting that power expired in 1994. The authority provides for Congress to review trade pacts using straight up-or-down votes, with no amendments that might unravel the accords. Many trade experts question whether Zoellick and the Bush administration can do any better in securing it.

Revealing a key element of his legislative strategy, Zoellick said the administration will throw its weight behind a broad-based trade bill that combines new negotiating authority with popular measures already in the works, including a U.S.-Jordan free trade pact, legislation providing normal trade relations with Vietnam and possibly some other trade items that require action later this year. A number of Democratic lawmakers have called for quick enactment of the Jordan and Vietnam deals, but Zoellick made clear he will use his clout to wrap the elements together.

"We will work with Congress to put together a trade package that refers to real places, with real people, with real benefits that flow from it, plus future authority to do more, at least in the Western hemisphere and globally," Zoellick said. "With a combination approach, the vote will be a binary decision on whether one is for or against trade."

Zoellick has started off with the most cosmetic of moves -- ditching the term "fast track" and replacing it with "U.S. trade promotion authority," nomenclature that he introduced at his Senate confirmation hearing.

By whatever name, getting negotiating authority for trade deals looks to be a particularly tough sell in the House, where it stalled during the Clinton years. Unlike the Bush tax cut, the trade vote can't be rammed through based on the GOP's slightly superior numbers; a narrowly partisan victory would be a hollow victory for a trade representative who, to negotiate effectively with foreign governments, needs to offer assurances that trade deals won't be gutted in Congress.

So Zoellick is now wrestling with the tricky problem of how to bridge a widening gap between the two parties over what rules should govern global trade, especially trade between rich and poor countries.

Many Democrats in Congress argue that in negotiating trade agreements, the United States should insist on provisions requiring other countries to strengthen or at least enforce their standards on labor rights and the environment. That position is strongly opposed by many congressional Republicans, who contend that if trade deals allow Washington to block the imports of countries based on complaints about poor labor or environmental laws, too many opportunities will arise for raising protectionist barriers. Further complicating matters, many developing countries fiercely object to being told how to run their labor and environmental policies.

Zoellick has repeatedly assured Democrats that the administration is open to including labor and environmental provisions that aren't protectionist. He suggested that he is examining a formula used in the North American Free Trade Agreement and a more recent accord between Canada and Chile. Under those pacts, governments that fail to uphold their pledges on labor and environmental standards are subject to monetary fines instead of sanctions against their countries' exports.

"There are a number of things we need to look at, and one of which appears promising to a number of people is the model of monetary fines," Zoellick said. "We might be able to do some interesting experimentation here."

http://interactive.wsj.com/articles/SB984440664540057506.htm

GOP SENATORS ARE RETHINKING LOCKING UP SURPLUS IN MEDICARE

Wall Street Journal

WASHINGTON -- Senate Republican leaders, squeezed by demands for higher domestic spending and the rising cost of proposed tax cuts, are getting skittish about locking away projected surpluses in the Medicare trust fund.

Last month, the House approved a bill promising to protect at least $388 billion in Medicare revenue except as it said it would be needed to "reform" the program, such as adding a new prescription-drug benefit. But with the House "lock box" bill due before the Senate Tuesday, GOP leaders are noncommittal about their intentions.

Asked if he supported the principle of "keeping Medicare for Medicare," Majority Leader Trent Lott said, "I don't know yet." The Mississippi Republican was also reluctant to promise that the House bill -- even if endorsed by the Senate -- will ever become law.

Democrats argue that the Medicare surplus will be closer to $526 billion, not the $388 billion estimate used in the House debate last month. In either case, it is a significant sum and if locked away would make President Bush's 10-year budget plan much tighter.

The administration set aside all of the projected $2.6 trillion Social Security surplus, but the Medicare surplus is a vital part of the $1.4 trillion that the president is left to work with after paying for his $1.6 trillion tax cut. Of the $1.4 trillion, about $370 billion is committed to pay for debt-service costs associated with the tax cut. If an additional $400 billion or $500 billion is then set aside for Medicare, Mr. Bush and Congress would be left with $600 billion, or less, for contingencies over the next 10 years.

A big chunk of the money will certainly go to pay for increased military spending, not yet figured in the president's budget. Farm-state senators say that given the continued crisis in agriculture, over the next 10 years as much as $100 billion more may be needed for farm programs than Mr. Bush has budgeted. But the biggest impact may be on the tax cut, and the numbers explain why the White House has been so insistent on trying to hold the final bill to $1.6 trillion.

Meanwhile, prominent Republicans, including House Majority Leader Richard Armey of Texas, continue to propose more tax cuts to come from the contingency fund. In a speech to the National Association of Broadcasters, Mr. Armey urged cutting capital-gains taxes and letting businesses write off computer expenses immediately, rather than over the five- and three-year depreciation schedules used today.

Mr. Lott himself predicted, "There will be capital-gains rate cuts in the future" -- though not necessarily in the president's initial tax bill this year. But all these items would fall in the 10-year window of Mr. Bush's budget plan and eat into the pot of money that would be left if Medicare revenue is protected.

For this reason, the Bush administration is cool to the Medicare lock-box idea, despite the fact that two cabinet secretaries -- Attorney General John Ashcroft and Energy Secretary Spencer Abraham -- supported it when they were serving in the Senate last year.

Families USA, a liberal health-care advocacy group, says that Medicare will run out of funds by 2010 if the surpluses are spent on other programs. A spokesman from the Department of Health and Human Services, which administers the program, disputed the group's findings.

Senate Budget Committee Chairman Pete Domenici accused critics of using scare tactics on the Medicare issue, and said that when the Senate begins work on the budget plan next month it won't touch the Medicare surplus except for Medicare-related expenses.

The New Mexico Republican will offer the House-passed provision as an amendment to an unrelated bankruptcy bill. Democrats want an even stricter lock box than provided by the House, but lawmakers could go on record voting to lock away Medicare funds and then let the leadership quietly scuttle the lock box before the final bankruptcy bill goes to the White House.

Asked what his intentions were, Mr. Lott said, "Let's just wait and see what happens. I really haven't made a decision on that."

http://www.cnn.com/2001/TRAVEL/NEWS/03/12/northwest.protest/index.html

NORTHWEST MECHANICS PROTEST OUTSIDE WHITE HOUSE

CNN

WASHINGTON (CNN) -- Members of the union representing Northwest Airlines mechanics demonstrated outside the White House Monday to protest President Bush's decision to intervene in contract talks, a move that averted a strike for at least 60 days.

Chanting "no intervention" and "Bush not fair to labor," dozens of mechanics walked outside the executive mansion holding signs critical of the president.

Northwest and its mechanics failed to reach an agreement over the weekend, but Bush's order on Friday convening an emergency board to try to resolve the dispute prevents the workers from striking.

"The appointment by President Bush of a Presidential Emergency Board means that Northwest Airlines will continue to operate a full schedule," said Robert Brodin, senior vice president-labor relations at Northwest.

Negotiators for the Aircraft Mechanics Fraternal Association and Northwest met through the weekend to discuss wages, pensions and back pay, said union negotiator Steve MacFarlane, president of AMFA Local 33 in Bloomington, Minnesota.

But the issues went unresolved as talks broke down just after 11 p.m. Sunday.

As of Friday, the two sides had reached agreement on some issues, including overtime, holidays and vacations.

"Over the last 48 hours, Northwest made off-the-record proposals on all economic issues. Despite our best efforts, we were unable to reach an agreement with AMFA on a new contract prior to the expiration of the 30-day cooling-off period," said Brodin.

Bush noted Friday that the Northwest dispute is just the first of several airline disputes that have the potential of disrupting air traffic this year. Others include United Airlines and its flight attendants and Delta Airlines and its pilots. Also, American Airlines recently went to court to stop work slowdowns by its mechanics and ramp workers.

"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," he said.

Darryl Jenkins, with the Aviation Institute in Washington, said Bush's intervention may only delay disruptions.

"June's our big travel season, so we may be postponing this to a worse conclusion and it might have been better just to have gotten it over now," Jenkins said Monday in an interview with CNN. "So, it will be interesting to see how this plays out."

http://www.usatoday.com/news/washdc/2001-03-11-health-spend.htm

HEALTH CARE COSTS SWELL TO RECORD $1.2 TRILLION

Associated Press

WASHINGTON (AP) — The nation's bill for health care has risen to a record $1.2 trillion, with prescription drugs accounting for nearly 10% of the costs and expected to grab an even larger share of what Americans pay to get or stay healthy, government estimates show.

Overall health care spending will more than double to $2.6 trillion by 2010, in part because drug costs are projected to rise on average 12.6% every year, federal health economists said in an annual report being published Monday.

The drug spending boom — $99.6 billion in 1999, the latest year for which figures were available — comes not only with an aging population, but as more patients ask for newer, high-priced drugs marketed to them on television and take drug treatments at home for conditions that once landed them in hospitals instead, the report said.

Those trends could slow amid an economic slowdown, when some employers and insurers could pass the growing costs onto consumers accustomed to low co-payments and other fees, said economists at the Health Care Financing Administration, which runs Medicare.

"They are going to be trade-offs," Katharine Levit, a lead economist on the spending report, said in an interview. "It puts increased pressure on all of us — the government, employers, providers — to somehow make choices in terms of how we spend our money."

Consumer advocates warn that patients who need prescription drugs will pay in other ways if they do not get increased access to lower-cost generic drugs, expansive drug coverage policies and lower premiums.

"The personal cost is very real and very dramatic," said Gail Shearer, who handles health cost issues for the Consumers Union, publisher of Consumer Reports magazine. "Children won't be getting the medicines they need to make them better. People of every age group will be suffering or they will have to neglect other basic needs."

The government publishes the health care spending forecasts in the journal Health Affairs, projecting expenditures on health care by patients, their insurance plans and government programs.

Close to 90% of that is considered personal health care spending — expenses that generally include doctors' visits, hospitals stays, medicines and other medical services.

The overall total for health care spending factors in things such as hospital construction costs.

In 1999, prescription drugs accounted for 9.4% of personal health spending; by 2010, prescription drugs' share will be 16 cents on the dollar — outpacing other services like nursing homes and home-based health care, the report said.

Prescription drugs also cut into Americans' out-of-pocket costs, expenses not offset by a private or government insurer. People spent $34.9 billion on drugs, compared with $12.6 billion for hospital care and $30.7 billion for doctor or clinic visits, the report said.

The estimates have implications for the government as well.

The projected drug cost total for 2010 — $366 billion — does not take into account what could be spent on medicines if they were fully covered under the Medicare program.

Adding prescription drug benefits to Medicare is a leading issue in Congress this year. President Bush and Senate lawmakers have competing plans on the table.

Observers say the forecasts only prove that Congress cannot leave Medicare participants — 39 million elderly and disabled Americans — unable to pay for valuable medicines.

"As Congress looks at designing a Medicare prescription drug benefit, it's crucial that they look at reining in costs so that it's beneficial for the government and consumers," Shearer said.

http://www.nationaljournal.com

KEY BUSINESS LOBBYISTS PUSH ESTATE TAX REPEAL AS NEXT STEP

CongressDaily

Concerned about maintaining momentum for tax cuts, several leading members of the business community's Tax Relief Coalition said Monday that estate tax repeal should be the next piece of President Bush's tax package to move through the House.
Administration officials and GOP congressional leaders are still sorting through which element to move next after winning a House vote last week on rate reductions. In addition to the estate tax provision, the politically popular marriage penalty relief and childcare credits also are on the table.

No action is anticipated in the Ways and Means Committee or on the House floor until next week. But observers on K Street say they expect the White House and House Republicans to move the remainder of the president's tax cut agenda in two more bills--rather than a single package--over the coming weeks.

Business leaders said they want to capitalize on the momentum from last week's House passage of the rate reduction bill by coming back next week with another measure broadly supported among business groups.

"We have no dog in the fight if the next bill is a combination of marriage penalty and childcare credits," said one business lobbyist. "The coalition turns off like a light switch and we lose all the momentum we created last week."

This source warned against "marrying two things the business community doesn't care about," and said his group probably would not activate its grassroots network if the next bill up before the Ways and Means panel includes only marriage penalty and childcare elements. "I'd like to see them pass the estate tax [repeal]--that's the next anchor in the president's plan," commented another coalition leader. Senate Majority Leader Lott this past weekend provided additional ammunition for business arguments that the estate tax bill should be quickly dispensed with--before support erodes--by suggesting that he was not wedded to the 10-year phase-out specified in the Bush package.

Lott, appearing on "Fox News Sunday," said he could support raising the estate tax exemption and delaying complete repeal. However, another coalition leader expressed confidence that the estate tax element retains broad, bipartisan support and that the order of the bills does not matter.

Business sources also raised concerns that GOP congressional leaders could be undercutting the business coalition's efforts by suggesting the possibility of adding capital gains and other elements to the package.

Most, if not all, of these business leaders would support reductions in capital gains, but said they are concerned about a free-for-all if the president and congressional leaders move away from the basics in Bush's proposal.

"The litmus test for joining this coalition is you check your parochial interest at the door and support the president's $1.6 trillion plan," said one coalition leader. "If that is set aside, there's no reason for this coalition. The whole thing becomes a land grab."

The source added: "The integrity of this coalition is wholly dependent on the administration sticking with the administration's own plan. ... If it ends up that we don't have the votes to pass that plan, we'll make a course correction at that point. But first we should get to that set of circumstances."

Another member of the coalition said: "If you open it up on capital gains, it's open. How do you control it then?" Lott and House Majority Leader Armey both have expressed support for adding a capital gains provision, while Armey Monday pitched tax breaks aimed at the high-tech community--including a faster writeoff of computer-related expenses.

Meanwhile, the Tax Relief Coalition was set to break the 300-member mark Monday, according to sources.

The U.S. Chamber of Commerce, the National Association of Wholesaler-Distributors, the National Association of Manufacturers and the National Federation of Independent Business organized the coalition.

"We're getting tremendous support from state and local groups, which is critical because at its heart this is a grassroots operation," said one official close to the effort.

http://interactive.wsj.com/articles/SB984435009294515 62.htm

RISING ENERGY PRICES COULD TIP WASHINGTON TOWARD A RECESSION

The Wall Street Journal

OLYMPIA, Wash. -- Sharply rising electricity and natural-gas prices in Washington state could cut disposable household income by as much as $1.7 billion a year, cost 43,000 jobs over the next three years and help push Washington's slowing economy into recession, state officials warn.

The worrisome outlook, contained in a study performed by state fiscal analysts, represents one of the first analyses of the potential of the West's energy crisis to affect the broader economy. Such ramifications are among the factors Washington Gov. Gary Locke is weighing as he considers possible responses to the crisis, including declaring an "energy emergency" that would give him broad powers to compel businesses, government and individuals to cut energy consumption and to order power generators to produce more power.

Matters could get worse. The study warned of "significant risks" that household energy costs would jump 50% or more from mid-2000 levels for as long as three years. Among the risks: poor hydroelectric generating conditions as a result of acute water shortages, rising natural-gas prices and the volatile western wholesale market for electricity.

Slowing Job Growth

The analysis assumes households will continue to consume energy at current levels and that no new power production will come on line. Under that scenario, power price increases would slash annual disposable income in the state by $1.7 billion, or about 1% of total disposable income, according to the report. The subsequent reduction in household spending, in turn, would ripple through the state's economy.

The analysis estimates the energy crisis could cut Washington's annual average job growth over the next three years to 1.5% from current projections of about 2%, or by 43,000 jobs over the next three years.

To be sure, the impact of rising energy costs alone won't be enough to drive the Washington economy into recession, state officials say. But, officials say there is reason to worry, when such costs are combined with the impact of an already souring national economy and a bearish stock market that has sucked some $2 billion in stock-option income from Washington's technology-heavy economy.

"The upsurge in energy prices is the kind of sudden shock that can derail a slowing economy," says Irv Lefberg, coordinator of economic forecasting for the state's Office of Financial Management, which oversaw the analysis.

The analysis was prepared as the Northwest, which gets about 70% of its power from hydroelectric dams, faces its driest winter since 1977. The drought will cut average monthly hydropower production capacity by a third, or more than 5,000 megawatts, over the next six months, according to the Northwest Power Planning Council, a multistate organization based in Portland, Ore.

Passing Costs to Consumers

Among western states, Washington consumers have perhaps felt the squeeze of rising energy costs most acutely. The main reason: Municipal and municipal-type utilities, known as public utility districts, serve about 75% of the state's electricity customers. These utilities, which are exempt from traditional rate-setting procedures that often take months, have quickly passed on to consumers the costs of buying power on the volatile western wholesale market.

The state's biggest municipal utilities, which serve about 750,000 customers in the Seattle area, have hiked rates between 28% and 50% during the past six months, as insufficient hydroelectric supplies have forced them to purchase power on the volatile spot market. California regulators, in contrast, so far have limited residential increases to just 9%.

The widening impact of the energy crisis in Washington can be seen in Pioneer Americas Inc.'s announcement last week that the Houston chemical producer would cut production and the 160-person work force at its Tacoma, Wash., plant by half. Larry Landry, the plant manager, says higher energy costs hammer both his plant and his customers -- many of them energy-intensive industries such as aluminum smelters and paper makers. These customers are halting or curtailing production and dropping orders for sodium hydroxide and other chemicals manufactured by the plant. About a year ago, the Tacoma plant had 110 Northwest companies placing orders; today, only 78 are doing so.

"It's just kind of like a spiral," says Mr. Landry, adding the long-term future of the facility is uncertain.

Also facing an uncertain future is the Northwest's aluminum industry, which employs about 10,000, mostly in Washington. The Washington economic analysis cites a recent industry study estimating that smelters can't operate profitably once electricity prices hit $35 a megawatt hour.

The Bonneville Power Administration, the federal power-marketing agency that sells to Northwest utilities and aluminum smelters, now estimates its rates will rise to about $41 a megawatt hour during the next two years. (Smelters, under contracts that expire in October, now pay about $22 a megawatt hour, and several have chosen to shut down production and resell the electricity at a significant profit, temporarily idling workers at full pay.)

Scott Lamb, a spokesman for Kaiser Aluminum Corp., of Houston, which operates two plants in Washington, says short-term rates above $35 don't necessarily spell the doom of aluminum production in the region. Other factors, including the price of aluminum and plant efficiency, also affect profitability. But, he concedes, "Anytime the price starts to get into the $30 range, it's tough."

http://www.commondreams.org/views01/0313-05.htm

CONGRESS BACKS BIG BANKS OVER PEOPLE

by Dave Zweifel
Madison Capital Times

If you've been following Washington's latest outrage --the rush to change the bankruptcy rules --you know all too well that the banks and credit card companies have lavished hundreds of thousands of dollars on our members of Congress for their votes.

And you also know that members of Congress are so enamored with the money they've received that they wouldn't even consider an exemption for the poor bloke who has to declare bankruptcy because a severe medical problem took all his money.

The changes in the bankruptcy law are the quintessential example of how corporate wealth has come to control government at the expense of the average American citizen. Politicians who have the audacity to call themselves representatives of the people would rather protect corporations that make hundreds of millions in profits than the family that runs into hard times because of unexpected medical bills, the loss of income or some other uninsured calamity.

And what would be so laughable if it wasn't so terribly ugly is to hear those politicians and their corporate sugar daddies claiming that the new bankruptcy bills will actually help the "honest" Americans with credit cards by holding down costs and, thus, interest rates.

What absolute nonsense. What outright lies.

The bankruptcy changes pushed by the GOP leadership and endorsed by none other than that "compassionate conservative" George W. Bush will push millions of more dollars into the coffers of businesses that thrive by convincing ordinary Americans to go deeply in debt and then charging them exorbitant rates to make sure they stay there.

Here's an example:

The other night in the mail came an unsolicited check for $1,004.28 from none other than Wells Fargo Financial, a bottom-feeding finance company owned by the giant and famed Wells Fargo Bank. All I need do is endorse it on the back and use it "to pay your holiday bills or take care of upcoming expenses like taxes and insurance premiums."

Can you imagine being a single mom struggling to make the paycheck stretch to the end of the month suddenly being tempted with a $1,004.28 check? That, of course, is exactly what Wells Fargo and the other pillars of American finance are counting on.

But let's look at the small print on the back. The interest rate this single mom will pay is 36 percent per year. That's right, 36 percent! All she will have to do for the next 36 months is send this company -- a company that members of Congress think needs protection from those nasty poor people who might go bankrupt --a check for $46. Total cost for that $1,004.28 over three years? $656.

If this mom had any connections she could probably get a better deal from some Mafia juice loaner in downtown Chicago. The only difference is that Congress helps hold the gun so that Wells Fargo, MBNA and their fellow travelers can collect.

THE DEMOCRATS AREN'T 'JUST RESTING'

By Robert Reich
The Washington Post
http://www.washingtonpost.com/wp-dyn/articles/A50030-2001Mar10.html

If I were a political consumer, I would -- with apologies to the late Monty Python parrot -- be going back to the store right about now and registering a complaint: "This political party -- the Democratic Party. It's dead."

"No, no, no no," he replies, "it's just resting."

But I know a dead party when I see one, and I'm looking at a dead party right now. Just consider the past eight years: lost the presidency, both houses of Congress, almost all its majorities in state legislatures, most governorships. Will lose additional House seats in the next redistricting. Most of the current justices of the Supreme Court appointed by Republicans, also most current federal judges. And the interminable Bill Clinton scandals. The Democratic Party is stone dead. Dead as a doornail.

Not at all, he says. After all, the Democrats are only one seat away from taking over the Senate. If Katherine Harris and the Supreme Court hadn't mucked it up, Al Gore would be in the White House right now. He won the popular vote by a half-million. Democrats and Greens together won more than 3 million more votes than the Republicans. And the Dems raised as much soft money as the Republicans for the first time in history. Forget the Clinton unpleasantness. The public will forget it. It always does. The party's not dead, "just resting."

Maybe, or perhaps it's stunned, lying there inert with less than two years to go until the midterms. Simply can't get over not having Bill Clinton in the White House.

But just you wait, say the party's salesmen: Someone will emerge to bring it back to life.

Look, the only reason the Democratic Party is sitting upright is that it's been nailed there, like the Python parrot. Who speaks for the Democrats? Clinton is utterly disgraced. Gore ran a lousy campaign. Terry McAuliffe heads the Democratic National Committee only because he raised a ton of money for Clinton.

And don't tell me the Democratic Leadership Council, with all that talk about being from the vital center -- why, even Hillary joined up -- is going to revive this bird. The DLC stands for nothing, nada, zero, except it's anti-union. No grass roots. No troops. No one out in America cares about the DLC. The DLC says it's centrist, but centrism is wherever the polls say most Americans are. And most Americans drift wherever there's a lot of hullabaloo. Centrism is unprincipled. Centrism doesn't lead. It follows. Centrism is Dick Morris. Centrism is nowhere.

If the Democratic Party's alive, why doesn't it insist that the budget surplus be spent on health care for the 44 million Americans without it? And child care for the millions who lack it? And good schools for all kids? Why doesn't the party say it's plain absurd to spend $300 billion on the military when the Cold War is over, and tens of billions more on a missile-defense shield that won't work? Why isn't it outraged that most of the benefits of President Bush's tax cut will go to people at the top? Why does it play dead on the environment? Why? Because it's not playing dead. It is dead!

The Dems aren't even fighting for campaign finance reform. They got so much soft money last time that they've decided to hold on.

This party is no more. It has ceased to be. It's expired and gone to meet its maker. This is an ex-party!

DEMOCRATS, WHO NEEDS THEM?

By Jeff Cohen
http://www.baltimoresun.com/news/opinion/oped/bal-pe.clinton11mar11.story

THE conventional wisdom is that Bill Clinton's fall from grace over the pardon hysteria has hurt the Democratic Party. In fact, Clinton's disgrace is a blessing in disguise for Democrats, at least for those who want the party to stand for social justice and economic fairness. Had Clinton exited the White House cleanly, his continued leadership would have enriched the party financially but burdened it politically and morally.

When Clinton pardoned a fugitive financier on his last day in office, he appeared to end his administration in the manner he had governed for eight years - by obliging the well-heeled and well-connected, and by figuring that his rhetorical gifts and charisma would obscure the absence of principle. (There were only a few pardons for the thousands of nonviolent drug offenders, largely poor and minority, who fill America's prisons.)

In assessing Clinton's impact on his party, it's worth remembering that when he entered the White House, Democrats controlled the U.S. Senate 57-43, the U.S. House 258-176 and the country's governorships 30-18. Under his leadership, the party has gone from majority to minority status.

Another legacy for the Democrats is money-saturated politics that values party donors more than activists, weighing policy in terms of fund-raising potential. Clintonism is a zig-zagging ideology that seeks the votes of liberals and racial minorities while borrowing Republican policies in an effort to hew to "the center," seldom straying far from the interests of corporate America.

Since corporate dollars flow more naturally toward Republicans, the grubbing of the Clintonites for this same cash has caused not only ethical lapses but corruption of Democratic positions. In 1993-94, when they controlled the White House and Congress, it was the Democrats who blocked campaign finance reform. In 1996, it was the Clinton-Gore campaign that widened the soft-money loophole into a canyon that obliterated campaign finance laws.

Give the Clintonites credit for achieving the seemingly impossible: They've allowed Republicans to pose as the party of campaign finance rectitude.

The sad truth about the Marc Rich pardon is that it was not atypical for Clinton to succumb to the entreaties of major donors and their high-powered lawyers and lobbyists. Indeed, it was business as usual in the Clinton-Gore administration, like the corporate-drafted trade deals the White House championed and the 1996 giveaway to media conglomerates known as Telecommunications Deregulation. (Al Gore bragged about supporting media deregulation on his presidential campaign Web site.)

While the Gore-Lieberman defeat in 2000 gave Republicans control of the White House and Congress for the first time in half a century, the Democratic debacle in 1994 was just as momentous. The Gingrich victory was the natural consequence of Clintonism, as the Republicans took over Congress in low-turnout elections with an activist base inspired by a right-wing program.

The Democratic base, meanwhile, was disoriented and dispirited. They'd just witnessed the Clinton White House steamroll over labor, environmental and consumer rights advocates to pass the North American Free Trade Agreement (NAFTA). And they'd seen a president and first lady unwilling to fight for Canadian-style national health insurance - instead offering a proposal supported by big insurers that was so bureaucratic and convoluted it collapsed of its own weight without coming up for a vote.

Behind the rise of Clintonism has been the Democratic Leadership Council, a Washington outfit of largely Southern Democratic politicians that makes up for its lack of a mass base with a bounty of corporate cash - from a wide array of firms such as ARCO, Chevron, Du Pont, Philip Morris and Merck. It has become the main policy voice of corporate America inside the Democratic Party, supporting "free trade," partial privatization of Social Security, increased military spending and other positions unpopular with rank-and-file Democrats. It was set up to weaken the power of unions, feminists and civil rights activists in Washington.

Years ago, these folks might have been called "Rockefeller Republicans"; now they dominate the party of working people. Gore was one of the founders of the DLC in the mid-1980s. Joe Lieberman was the group's chairman when he was drafted by Gore last year. Clinton, then the governor of Arkansas, was its national chairman when he launched his long-shot bid for the presidency in 1991.

Even if Clinton were to disappear in disgrace, there would still remain a well-funded and influential DLC. A dinner last month honoring Lieberman and benefiting a DLC-allied political committee, the New Democrats Network, raised $1.2 million dollars from the likes of Aetna, American Airlines, AT&T, Citicorp and GE. When elite media pundits - many of whom cheer the DLC's economic conservatism and social liberalism - discuss Democratic presidential prospects for 2004, they regularly promote DLCers such as Gore, Lieberman and Indiana Sen. Evan Bayh, the group's new chairman.

Most Democratic activists and many office-holders vigorously oppose the DLC and its Republican-lite agenda. Some refer to it as "Democrats for the Leisure Class." The Congressional Progressive Caucus, which is diametrically opposed to the DLC, has more than 50 members in the U.S. House.

Progressive, Rep. Jesse Jackson Jr. recently wrote: "In 1992, a conservative Democrat, Bill Clinton, selected an even more conservative running mate, Al Gore, who in 2000 selected an even more conservative running mate, Joseph Lieberman. By helping to shift the Democratic Party and the country further right, a very conservative George W. Bush could select an ultra-conservative Dick Cheney as his running mate - and win."

In last year's presidential contest that pitted the DLC ticket of Gore-Lieberman against the GOP, there was no debate on many issues that matter to the Democratic base - from trade, corporate welfare and bloated military spending to criminal justice issues like capital punishment and the counterproductive, racially tinged drug war, which helped boost America's prison population during the Clinton years from 1.4 million to more than 2 million people.

Many Democrats rebelled against the presidential ticket in 2000 by voting Green for Ralph Nader. Millions more voted Democratic grudgingly to fend off the right wing. Ironically, the best way for progressive activists to fend off right-wingers might be to imitate them. Beginning about 25 years ago, cultural conservatives and the religious right became local Republican activists, immersing themselves in local elections and primary fights. Then, state by state, they took over the Republican Party and energized it for their grassroots agenda of guns, God and tax cuts. Their success within the GOP has reshaped the national debate.

Progressive activists - for labor, consumer, environmental, women's and civil rights - might similarly enter local and Democratic primary battles to elect their own and defeat candidates anointed by big money and the DLC. Such local activists would find support in Washington from unions and other issues groups, as well as counterweights to the DLC like the Campaign for America's Future and Americans for Democratic Action. If it becomes clear that money has rendered the Democratic Party's structure impenetrable to its own activist base, the resulting exodus to the Green Party or some other third party will dwarf last year's protest vote for Nader.

Before the pardon furor, Bill Clinton was intent on remaining the leader of the Democratic Party. Toward that end, he installed his personal fund-raiser Terry McAuliffe - a financial executive well-connected to big business - as the chairman of the Democratic National Committee. Once hailed by media pundits for steering Democrats toward centrism, Clinton is now tarnished by government and media probes; NBC News airs "Clinton Watch" segments on the scandal.

In theory, Clinton has exited Washington. But the horse he rode in on - money-drenched DLC politics - is still there, alive and kicking.