



## USW District 4 Paper Council Newsletter

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### The Baucus Conundrum

The longer the health care debate goes on, the more I become convinced that the American system needs fundamental reform. We need to transition away from a fee-for-service system to one that directs incentives toward better care, not more procedures. We need to move away from the employer-based system, which is eroding year by year. We need to move toward a more transparent system, in which people see the consequences of their choices.

I've also become convinced that the approach championed by Senator Ron Wyden, Democrat of Oregon, is the best vehicle for this sort of change. The Wyden approach — first introduced in a bill with Robert F. Bennett, Republican of Utah, and now pared down to an amendment to the current bills—would combine choice with universal coverage.

People with insurance could stay with their existing health plans. But if they didn't like the plans their employer offered, they could take the money their employer spends, add whatever they wanted to throw in, and shop for a better option on a regulated exchange. People without insurance would get subsidies to shop at the exchanges. Americans would have real choices. The vigorous exchanges would reward providers and insurers that are efficient, creative and innovative.

But barring a legislative miracle, the Wyden approach was effectively killed in committee last week. The business and union lobbies worked furiously against it. They want to control their employees' and members' benefit packages. Many politicians support it in principle but oppose it in practice. They fear that if they try to fundamentally reform the system, voters will revolt. So what we are going to get is health insurance reform, not health care reform. We'll be adjusting and expanding the current system, not essentially changing it.

At this point people like me could throw up our hands and oppose everything. But that's not what adulthood is about. In the real world, you often don't get to choose what your options will be. You have to choose from a few bad options. The real health care choice now is between the status quo and the bill primarily authored by Senator Max Baucus, Democrat of Montana, that is emerging from the Senate Finance Committee.

The Baucus bill centralizes power, in contrast to the free choice approach, which decentralizes it. The Baucus approach aims to reduce costs, expand coverage and improve efficiency by empowering regulators to write a better set of rules. It aims to rationalize the current system from the top down. This approach has many weaknesses. It entrenches a flawed system. It creates greater uniformity and rigidity. It redistributes income from the politically disorganized young to the politically organized old. It squeezes people into a Rube Goldberg complex of bureaucracies based on their income level. It will impose huge costs on people as they rise up the income ladder, distorting the whole economy.

The biggest problem is that it will retard innovation. Top-down systems just don't innovate well, no matter how many Innovation Centers you put in the Department of Health and Human Services. The bill will retard innovation by using monopoly power to squeeze costs. It will also retard innovation by directing resources toward current care (and current voters) and away from future technologies and future beneficiaries.

But the Baucus bill has some advantages over the status quo as well. It would insure an additional 29 million people, a social benefit critics never grapple with. It is also more fiscally responsible than any other committee bill. It courageously cuts Medicare benefits by hundreds of billions. It raises taxes on the upper and middle classes in many necessary (and covert) ways. The bill will not really be budget neutral, but the authors have taken fiscal responsibility seriously. They've earned that good score from the Congressional Budget Office.

Most impressively, the Baucus bill includes many provisions to make government-run health care more rational. It would bundle payments to hospitals and encourage doctors to work in efficient teams. It would punish hospitals that have to readmit patients. It would create a commission to perpetually squeeze costs. It would improve information technology. It would measure the comparative effectiveness of different treatments. No one knows how much savings would be produced by these changes in payment method, but they could be significant.

If you asked me to compare the Baucus approach with the Wyden approach, the answer is easy. But if you asked me to compare it with the status quo, the answer is hard. The Baucus bill contains hidden bombs that could lead to a rigid bureaucratic system that still doesn't address the fundamental problems. On the other hand, it contains hidden experiments that could lead to new models that might spread across the system.

*David Brooks*  
*October 11, 2008 Edition*

# Union News



AFL-CIO News service graphic(s) added

**Red Cross Cost-Cutting Endangers Blood Supply, Workers, Donors:** Members of AFSCME Local 3145 in Connecticut demonstrate for a fair contract with the Red Cross. Millions of Americans contribute blood and money to the Red Cross with the belief that the organization is well run and the blood supply is protected. But a new Jobs with Justice report raises serious concerns about donor safety and the security of the nation's blood supply. During a Jobs with Justice telephone press conference yesterday, Mary McDougal, who has worked for a decade at the Red Cross in Buffalo, N.Y., said the Red Cross must improve the way it treats workers and donors. Red Cross headquarters in Washington, D.C., thinks it can run a blood drive like you run a McDonald's. [They need to] hire the right people, give them proper training and listen to us. The Missouri Jobs with Justice Workers' Rights Board released the report, "Labor Relations at the American Red Cross and Its Impact on Employee and Donor Safety," after hearing from front-line Red Cross workers across the country. The investigative report outlines practices that jeopardize blood donors' safety and the integrity of the blood supply, including long work hours that lead to fatigue and mistakes; sharp pay cuts that cause dramatic increases in employee turnover and hiring non-qualified workers instead of certified nurses.

**New Trade Policies Needed to Protect Workers:** Columbia University law professor Mark Barenberg proposes new strategies to ensure that trade agreements protect and advance workers' rights and says "we should incorporate labor rights and standards in the fundamental ground rules of the new global economy." Barenberg is author of a report released today, "Sustaining Workers' Bargaining Power in an Age of Globalization." In the report, he argues that trade pacts need rules to allow human rights organizations to constantly monitor whether U.S. trading partners actually comply with international labor rules. The report, released by the Economic Policy Institute (EPI) as part of its Agenda for Shared Prosperity, suggests specific policies that would result in the same type of tough enforcement rules to protect workers' rights that now exist for violations of property rights in trade agreements.

**Stella D'Oro Plant Shafts Workers Again, Closes a Day Early Outrage:** The new owners of the Stella D'oro plant were in such a hurry to shaft their workers, they closed the plant a day earlier than scheduled. This from John Tarleton, who reports there is a rally at 3 p.m. today in the Bronx outside the Stella D'oro factory. Stella D'oro closed its Bronx bakery a day ahead of schedule Thursday, officially putting its 136 unionized employees out of work. The plant's general manager Dan Meyers summoned the workers for a 3 p.m. meeting as the first shift was ending, informed them that the plant was closing and told them they should take any personal possessions before leaving. They responded by singing and chanting "the workers united will never be defeated" in their boss's face for 10 minutes before exiting the factory, which has operated in the Bronx since 1932. "We told him we were still united and we didn't regret what we did," said Gurdip Mann, a machinist who worked at the factory for 21 years.



**State Fed Leaders: Air Tanker Contract Should Go to Boeing:** Awarding the \$35 billion contract for the Air Force's refueling tankers to Boeing Co. is the clear choice for "investing in American workers, American knowledge, American security, and America's future," the presidents of 10 AFL-CIO state federations say in a letter to Defense Secretary Robert

Gates. The letter, sent last week, urges the Pentagon to consider the impact on the U.S. economy and national security in deciding which company should receive the lucrative Air Force refueling tanker contract. In September 2008, Gates, who also was George W. Bush's defense chief, announced he was canceling the competition for the refueling tankers and leaving it to the next administration to decide. Gates said the competition between Boeing Co. and European-based EADS/Northrop Grumman was "too controversial" to be settled during the last four months of the Bush administration.

**D Shuler Kicking off Conference for 'A Better Deal':** Continuing the fight to build a fairer economy now and for future generations, AFL-CIO Secretary-Treasurer Liz Shuler will give the keynote address at the upcoming A Better Deal 2009 conference hosted by Demos, an advocacy organization focused on building a fairer economy. The conference, set for October 15th-16th in Washington, D.C., will look at the crisis facing today's young people in an economy that just isn't working for them. As documented in the AFL-CIO report, "Young Workers: A Lost Decade," young people are struggling to find good jobs that provide them with fair wages, health benefits, retirement security and decency on the job. The next generation could be on track to be the first in a century to be worse off than their parents, and that sets a dangerous standard for generations to come.



### **D.C. Families, Trumka Demand Respect for Teachers:**

Students, parents and community members turned out yesterday in support of D.C. teachers. AFL-CIO President Richard Trumka tells supporters of D.C. school employees the school district's layoffs are 'a cold hard case of union-busting.' Thousands of students, parents, teachers and community members from across Washington, D.C., converged on the district's Freedom Plaza yesterday afternoon to rally in support of hundreds of laid-off teachers. Nearly 400

school employees have been laid off as a result of controversial decisions by D.C. school chancellor Michelle Rhee. The layoffs include 229 classroom teachers, many of them veterans. The Washington Teachers' Union (WTU) has protested the layoffs, saying that many teachers have been targeted for their age and that the firings are poorly timed and an attempt to undermine the teachers' contract. At last week's rally, reports Chris Garlock of the Metropolitan Washington Council, D.C. residents and students of all ages spoke out strongly in support of their teachers. It was one of the



largest labor rallies in recent memory in the District. At the rally it was announced that a delegation of teachers sought to present to Mayor Adrian Fenty with a statement in opposition to the layoffs, but Fenty's assistant wouldn't even come to the door to accept it. AFL-CIO President Richard Trumka called the firings "a cold hard case of union busting," and said that union members across the city stand in solidarity with fired teachers: *The labor movement is right here with you. We'll stand*

*shoulder to shoulder with you for as long as it takes.*

**Union Members Ramp Up Mobilization for New Jersey Election:** Vice President Joe Biden came to New Jersey yesterday and joined AFL-CIO Secretary-Treasurer Liz Shuler to mobilize union members for the November 3rd election. In less than four weeks, New Jersey voters will hit the polls in this critical election for governor. And every day between now and then, union volunteers will hit the streets and the phones to educate union voters about the stakes in the race between Gov. Jon Corzine and his opponent, Chris Christie. The New Jersey State AFL-CIO has endorsed Corzine and made his re-election a top priority this fall. On issues like education, health care and jobs, Corzine has the right priorities for New Jersey's working families, while Chris Christie, who got a political appointment from George W. Bush after serving as a major fundraiser, would take the state in the wrong direction.



**Holt Baker in New Mexico: Protect the Most Vulnerable:** Around the country, states are getting squeezed by the economic crisis, and state budgets are feeling the pressure. It's imperative that we fight to make sure state budgets are not balanced at the expense of children and the services they need. Last week, AFL-CIO Executive Vice President Arlene Holt Baker is in New Mexico, leading a rally of more than 2,800 people to ensure a just budget that protects children and vital public services. Standing with New Mexico Federation of Labor president Christine Trujillo,

Santa Fe Mayor David Coss and four state legislators, Holt Baker said the proposal for big cuts in the education budget will cost the state jobs and competitiveness in the future. New Mexico's schools, universities and state agencies could face 3.5 percent cuts in funding, and employees could face pay cuts as well, as legislators seek to avoid a \$650 million deficit. Holt Baker said the cuts to education will fall most heavily on families already reeling from the economic crisis.

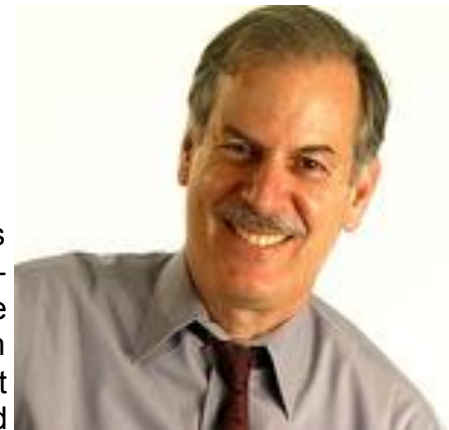
**Defense Employees Celebrate Repeal of Anti-Worker Personnel System:** After a tough six-year battle, U.S. Department of Defense employees are celebrating a major victory today. The 2010 Defense authorization congressional conference committee yesterday repealed the anti-worker National Security Personnel System (NSPS). Created by the Bush administration, the NSPS was fatally flawed from the beginning. The personnel system took away Defense Department workers' right to collective bargaining and personnel appeals. After the last Republican-led Congress refused to block the NSPS, the United Department of Defense Workers Coalition (UDWC) worked tirelessly to restore fairness and equity to the workplace. Members of the coalition, made up of the 36 unions that represent Defense Department workers, helped get out the vote to ensure a Democratic majority in Congress and that majority restored the Defense workers' collective bargaining rights as part of the 2009 Defense authorization bill.



**Working Families Take Health Care Reform Message to Capitol Hill:** With the Senate poised to consider comprehensive health care reform soon, more than 100 workers and activists from two dozen states converged on Capitol Hill yesterday to remind lawmakers that the union members and working families who worked so hard on their campaigns last fall are the same people who strongly back health care reform. They delivered more than 42,000 personally written letters from members of unions and Working America calling on Congress to pass comprehensive health care reform legislation. California Labor Federation Executive Secretary-Treasurer Art Pulaski was encouraged after his meetings with members of the Golden

State delegation. He said both senators and a large number of representatives, including Blue Dog Democrats, are coming out in support of health care reform.

# Glenn Beck Isn't Blocking Health Care Reform



Glenn Beck has captured national attention with his caustic poison. The aging right-wing troubadours — Rush Limbaugh and Bill O'Reilly — still rouse the wingnuts and enforce discipline among Republican legislators. They've peddled the fantasies about ACORN and the all-powerful poverty lobby, and launched a search-and-destroy hunt for targets of opportunity in the Obama administration. Progressives have sensibly organized to question Beck's advertisers, and even the president has called him out.

But it is worth remembering — Glenn Beck is not blocking the passage of a good health care bill. The old and new carry acts of the right aren't undermining the energy legislation or frustrating financial reform. To focus on who and what is standing in the way — follow the money.

On health care, the lockstep opposition of Republicans in Congress is deplorable, but Republicans don't have the votes to block progress. The president is forced to negotiate with Democrats who have 60 votes in the Senate and a large majority in the House and could pass a good bill tomorrow if they unified.

The angry tea bag activists shouting slogans in town meetings in August provided drama, but the true opposition is writing checks, not waving signs. They are wearing pin stripes, not jeans and t-shirts. They represent wealthy insurance company CEOs, not angry workers or small business owners.

The Washington media likes to paint the divisions as ideological. Republicans and Blue Dog Democrats are said to be opposed to "big government," cautious about spending, more concerned about deficits, reflecting more conservative districts and voters. Sure, there are ideological differences between the parties. And legislators do cater to the major interests in their districts. And no doubt, the Democratic Party is a big tent, with a broad range of political opinion.

But the president didn't cut a deal with Big Pharma to sustain the ban that prohibits Medicare from negotiating lower prices on drugs because of ideology or a policy debate. He did it to neutralize one of the powerful lobbies standing in the way of reform. The deals with utilities and coal companies in the energy bill aren't about ideology; they are about special interests and political clout. Republicans don't mind government spending when pouring hundreds of millions into subsidizing insurance companies to compete with Medicare. Blue Dogs aren't worried about costs when they oppose a public option that would help keep insurance companies honest.

The re-born McCarthy like conspiratorial fantasies of Glenn Beck should not go unanswered. His effort to discredit the administration by searching for appointees to target should be resisted and scorned.

But everyone should be clear. The president has called on the Congress to act on fundamental reforms that cannot be avoided. Our broken health care system is unaffordable and must be fixed. Moving to new energy is a national security, economic and environmental imperative, not a choice. Fundamental financial reform is necessary if we are to avoid a worse crisis in the near future.

Glenn Beck and Rush Limbaugh and the Republicans in Congress oppose these reforms. They want, as Limbaugh proclaimed, the president to fail. But they aren't the major roadblocks to the change we need. What stands in the way is the organized power of the entrenched lobbies that have a direct stake in limiting change, and are willing to spend hundreds of millions to obstruct it. Their legions are less angry citizens, than sophisticated lobbyists, increasingly Democrats, many of them retired legislators. They deliver campaign contributions, not votes. They threaten negative campaign ads, not authentic citizen uprisings.

With literally billions at stake, progressives will never be able to match the money of the industries fighting off change. Our only chance is to make their money toxic — to expose the contributions, the lobbyists, the inside deals — and to make legislators understand the president was right when he said we can't let the permanent lobbies define what is possible in the nation's capital.

The struggle over health care reform is now reaching its climax. The backroom struggle over energy and financial reform is already fierce. It is time for Democrats to unite to get these done. It is time for the two or three Senate Republicans with any iota of independence to put country over party and be part of the solution. But most of all, it is time for us to follow the money, to track the contributions, expose the lobbyists, and challenge the legislators in both parties who hope to benefit by serving special interests rather than representing their constituents.

Check out [opensecrets.org](http://opensecrets.org), where the Center for Responsive Politics tracks contributions. Take a look at their study with the Sunlight Foundation on the lobbyists undermining health care reform. Get angry, not cynical. Let your legislators hear from you — and join with your neighbors to demand that they represent you and not the interests that are writing campaign checks. The president has called on the Congress to deal with fundamental national challenges that can not be ignored (although his predecessors were happy to do so). We'll not have a better chance to get vital reforms done. But to succeed, legislators in both parties will have to learn that voters aren't going to put up with the cozy beltway business as usual.

*Robert L. Borosage*  
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