

# National News

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## Voters Increase Taxes To Save Hospital

“The [health care] system keeps getting tremendously strained. It is extraordinarily fragile right now,” Los Angeles County chief medical officer David Altman said as he welcomed the unexpected passage of a tax increase ballot referendum. Not since California’s infamous 1978 anti-tax Proposition 13 has the county fielded a tax increase referendum; this one passed by a 73% landslide. At stake: closure of two more public hospitals. The county, faced with a \$500 million deficit, had already slashed medical services, closing 11 clinics, converting one hospital to an outpatient facility, and reducing beds and services at yet another. The new taxes garnered will keep the hospitals open for now, but new cuts loom.

The state’s \$35 billion-plus revenue shortfall has California Gov. Gray Davis (D) and legislators planning to cut benefits and eligibility in the Medicaid program. The 300,000 citizens cut off will be forced to rely on emergency rooms for primary care, adding to the fragility of the system.

The National Association of Public Hospitals and Health Systems reports that half its members now operate in debt, up a third from last year. One example given by the *Washington Post* on Dec. 31 is Michigan. Officials report that clinics and hospitals that serve the poor are having to cut hours and offer only core services, due to the state’s financial crisis. A Michigan Health and Hospital Association spokeswoman said, “The economic realities of health care are as bad as ever. Many of our members are trying to hang on, but things are tenuous at best.”

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## Oregon’s Budget Crisis May Be Worst

Oregon’s budget crisis may be the worst of any state in the nation, according to a report in the *Seattle Times* on Dec. 29. Revenues have collapsed, and the state expects a \$1.9 billion shortfall, equal to 18% of its projected two-year budget of \$11 billion for

fiscal 2003-05.

The Portland school district may cut as many 24 days from the remaining six months of this school year, giving it the shortest school year in the nation. The district has already dropped all funding for Spring sports.

Other cuts on the state level are as severe as those in education. The Oregon State Police, for example, will lay off more than 20% of their 1,400 employees, and close four of their seven crime laboratories. In March, all appellate, tax, and circuit courts plan to scale back to four days a week. Public defenders will be cut out completely, so the state will halt prosecuting misdemeanor crimes.

The Oregon Health Plan, in March, will cease all payments for alcohol and drug treatment for more than 100,000 people. In Portland, all methadone treatment and counseling will end for 2,000 people at seven city clinics.

The state’s Public Employees Retirement system faces a \$9.7 billion shortfall in coming years.

A referendum to increase the state income tax is likely to fail in January. If so, school districts will shut down some schools, and the entire state will cut 24 days off the school year, which will amount to one day a week for the second semester.

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## Welfare Caseloads Rise in Most States

Welfare caseloads, which had been slashed by more than half in the late 1990s, following welfare reform passed in 1996, are now again rising in the economic plunge, as official unemployment has reached 6%. From July to September last year, 38 of the 50 states and the District of Columbia reported increases (averaging 2%) in the welfare rolls—at a time when states are facing “the most dire fiscal situation since World War II” as the Federal government is cutting the value of the block grant to the states to support programs for the poor (part of the 1996 reform), according to American Enterprise Institute’s Douglas Besharov. At the same time, “aid to working families not receiving cash welfare is at its highest level since the Great Depression,” he said.

Over the year from September 2001 to September 2002, welfare caseloads increased, by an average 8.5%, in 25 states—four more states than the previous year. Nevada had a 31% caseload increase, and Wisconsin saw a 15.8% increase. Most states—27 of the 50—have experienced a caseload increase (averaging 12.7%) since March 2001, the “official” start of the “recession.” Staggering increases occurred in Nevada (60.1%), Mississippi (26.6%), Wisconsin (23.7%), Arizona (22.6%), South Carolina (22.6%), and Indiana (22.4%).

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## Call-Up of Reserves Hits Law Enforcement

If President Bush proceeds to activate the Army, Coast Guard, and National Guard reserves to active duty, one area that will suffer is law enforcement. For example, in West Virginia, State Police Superintendent Howard Hill said on Jan. 6, that 9% of his state’s uniformed forces are in the reserves. He could lose 51 state troopers.

Nationally, police forces have a disproportionate percentage of employees serving in the military reserves, estimated at between 3-5%. This potential drain of manpower is being made worse by the states’ budget crises, which is cutting back law enforcement capabilities and manpower.

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## Race, Geography Make Death Sentences

According to a death-penalty study by researchers at the University of Maryland, commissioned by outgoing Gov. Parris Glendening (D), the state’s death-penalty system is tainted with racial bias, and geography plays a significant role in who faces a capital conviction. The study, released Jan. 7, is one of the nation’s most comprehensive official reviews on race and the death penalty. It concluded that defendants are much more likely to be sentenced to death if charged with killing a white person.

“The key finding of this study is that,

**MAGLEV** trains for the United States were demanded in an enthusiastic letter to the *New York Times* on Jan. 4. Virgil Moorefield of Illinois noted that China is now considering a magnetic levitation train from Shanghai to Beijing, a 775-mile route just under the 797 miles from New York to Chicago. "Imagine avoiding traffic and airport congestion," wrote Moorefield, "and being able to make the trip from Midtown to the Loop in a mere three hours—from Penn Station to Union Station. Chicago's Union Station, that is."

**PRIVATE LOANS** from banks for college tuition hit a record \$4.95 billion in the 2001-02 year, up 39% from a year earlier. This was almost five times the level of \$1.1 billion in 1995-96, according to the College Board's report titled "Trends in Student Aid." College costs have continued to soar, while the stock market fell, driving families at the limit on Federal education loans, to turn to private lenders. Over the past decade, the average cost of private four-year education has jumped by 43%, while the borrowing limit for the main Federal loan program (Stafford Loan) has remained unchanged.

**TEXAS** faces a budget shortfall of \$8-12 billion according to Comptroller Carole Keeton Strayhorn on Jan. 8. Previously, she had estimated a shortfall of "only" approximately \$5 billion. While promising to protect "essential services"—which are notoriously underfunded in Texas—Strayhorn said the budget will be balanced through cuts in spending, adding, "It's going to be painful." Both Strayhorn and Gov. Rick Perry denied that the Texas economy is in a recession.

**THE DOLLAR** reacted to President Bush's Jan. 7 tax-cut blitz, by falling to its lowest level in more than three years against the euro on Jan. 8, and falling against the yen as well. The price of gold jumped \$6.60 to \$354.30 per ounce, the highest closing price since April 1997.

when it comes to the death penalty, white lives are considered more valuable than black lives in the state of Maryland," said Richard Dieter, Executive Director of the Death Penalty Information Center. "Such a system should not be allowed to stand. This study, as well as the findings of studies in other states around the nation, clearly illustrate the unfairness in capital punishment. Until these injustices are addressed, states should follow the lead of Maryland and Illinois and enact a moratorium on executions to allow further investigation and reform."

Glendening ordered the study in 2000, after reviewing a 1996 Maryland Commission review which concluded that "the high percentage of African-American prisoners under sentence of death, and the low percentage of prisoners under sentence of death whose victims were African-American, remains a cause for concern." While only 28% of Maryland's population is black, 67% of the state's death row is black, and 100% of these capital cases involved white victims. These statistics and the ongoing University of Maryland review prompted Glendening to declare a moratorium on executions; but the new Governor, Robert Ehrlich (R), has stated that he plans to lift the moratorium when he takes office.

Among the key findings: The race of the victim makes a significant difference in whether prosecutors seek a capital conviction; black defendants who are charged with killing whites are far more likely to face a death sentence than all other racial combinations; prosecutors in different jurisdictions exhibit considerable variation in the extent to which they seek the death penalty; and racial bias is detected in the early stages of prosecution when state's attorneys decide whether to seek a death sentence, and continues through all phases of the process.

## Terrorism Can't Stop Nuclear License

The Nuclear Regulatory Commission in Washington ruled on Jan. 6 that the threat of terrorism cannot be used as an issue of intervention into consideration of licensing nuclear reactors or installations. The anti-nuclear lobby was hoping, that a ruling

which would allow consideration of whether a facility could withstand a terrorist attack, would make it impossible to re-license older reactors—dozens of which are coming up—or to build new facilities.

The NRC said that the risk of a terrorist attack is too speculative, and that in one case, the risk—defined as a product of the probability of an event multiplied by its consequences—"we have no way to calculate the probability portion of the equation, except in such general terms as to be nearly meaningless."

The *New York Times* quoted former Commissioners Victor Gilinsky and Peter Bradford as being horrified by the NRC decision—as if they were "objective" parties. In fact, both represented anti-nuclear views and policies when on the NRC during the Carter Administration, and particularly after the Three Mile Island nuclear accident in 1979.

## Amdocs Employees Shifted to U.S.?

The Israeli business daily *Globes* reported on Jan. 6 that Amdocs, an Israeli telecommunications billing company, had begun to airlift employees from its Israeli offices to its headquarters in St. Louis, in anticipation of an Iraq war. *Globes* said the company's objective was to transfer the company's "best minds" to the United States, and that this was begun several months ago, but was being held up because U.S. authorities are checking visa applications more carefully.

As *EIR* has reported, Amdocs' senior management are also senior members of Israel's military and intelligence establishment. Amdocs is one of the world's leading providers of telephone customer billing services, and as such, it has access to records of almost every telephone call dialed in the United States. U.S. law enforcement officials suspect Amdocs of being linked to Israeli organized crime circles, and that its data is used to help criminals stay one step ahead of the law. Many of the so-called "Israeli art students" deported for possible espionage last year, had given Amdocs as their place of employment.