

YEAR IN REVIEW

2007

**DRUM
MAJOR**
INSTITUTE FOR PUBLIC POLICY

2007

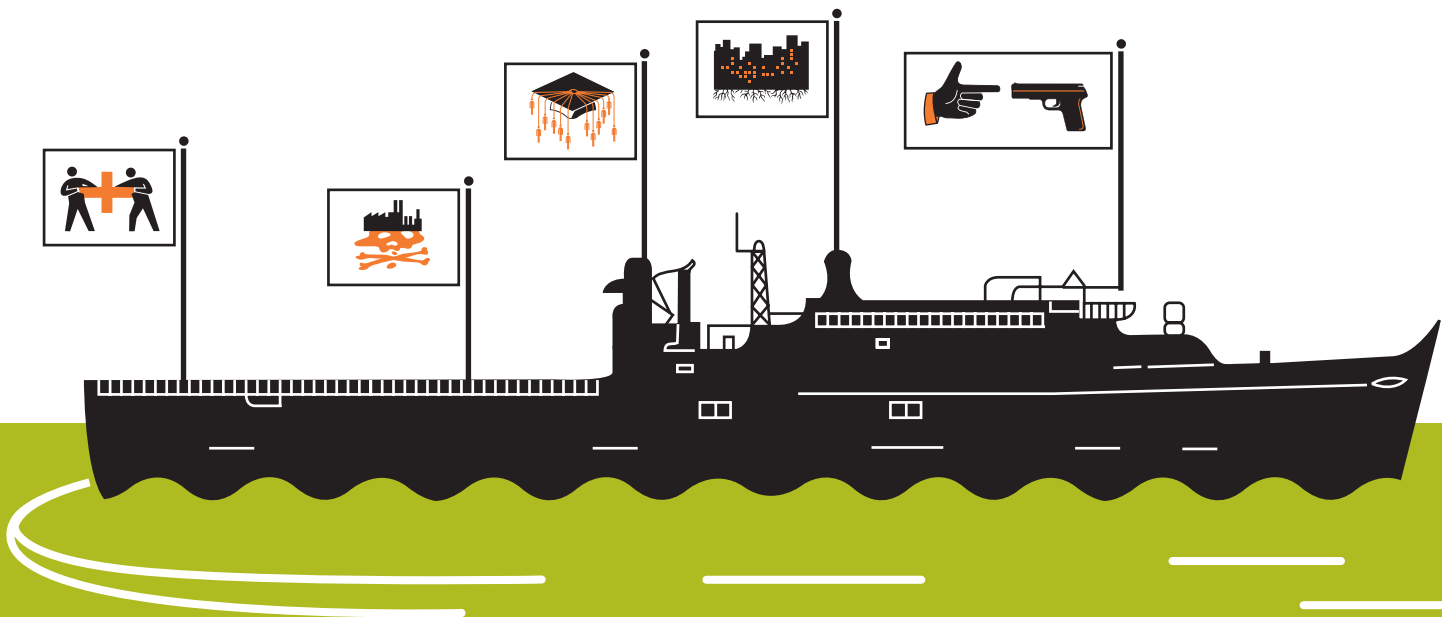
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Turning the big ship

In 2006, Americans voted for a change in direction, and got a change in parties. By the end of 2007, this apparently wasn't enough.

Nearly three out of four Americans saw the country heading in the wrong direction this year. It's not hard to see why: looming large were rising oil prices, more people than ever without access to health coverage, persistent economic insecurity, continued federal inaction on the threat of global warming, and a war still seemingly without end.

Many of the worst shocks of 2007 were the continued fallout of years of wrong-headed right-wing policy to deregulate, starve the public sector, and privatize at every opportunity. One result was a spree of corporate lawlessness: lax government oversight allowed millions of children's toys coated in toxic paint onto the shelves of American stores, and permitted millions of mortgage loans to be made to families with no prayer of ever paying them back. The results? Potentially brain damaged children, financial crisis, a growing number of Americans losing their homes. Public infrastructure crumbled. Private contractors operated with little accountability to anyone. These calamities detonated in 2007 but were years in the making.

The year was not entirely bereft of hope. The nation's minimum wage was forced up after a decade of stagnation and decline. Also signed into law was a bill reducing the rates on student loans and increasing Pell Grants for low-income students. Mayors and governors around the country took steps to go green: promoting energy efficiency, renewable power, and regulating pollutants. Private companies made their operations more environmentally sustainable as well. San Francisco enacted universal health care. Washington State passed paid family leave.

Several important conversations ground to a halt in 2007, short of finding solutions that would actually benefit Americans. The push for immigration reform collapsed amidst fear and hateful rhetoric. An overwhelmingly popular effort to extend medical coverage to low-income children failed to overcome a bitterly ideological veto. Rather than seeking a new direction on trade consistent with our nation's values and vision, Congress added a few positive flourishes and agreed to extend the NAFTA model further south.

"The United States is a big ship, and it is hard to turn a big ship," protested House Majority Leader Steny Hoyer. He is undoubtedly right. The hope for a new direction now turns to the 2008 Presidential contest, starting earlier this year than ever. Candidates promise the moon. It will be another year before we decide who to take up on the offer.

In this Year in Review, the Drum Major Institute for Public Policy offers: a look back at the best and worst in public policy this year, six snapshots of the nation, a 2007 required reading list for progressives, a hawk's eye view of what the think tanks on the conservative right are up to, and, as always, the 2007 Injustice Index.

Arbitrary Dispute Resolution

1 The Seventh Amendment hasn't been repealed. So how did Americans lose the right to trial by jury? In purchasing the modern world's necessities, from a credit card to a cell phone and even nursing home services, or accepting a new job, few Americans realize that they have signed away a crucial right. Tucked deep into lengthy contracts written in fine print are clauses dictating that any disagreements be resolved by arbitration, a judicial process in which an arbitrator issues a binding decision without ever having to make its reasoning public. An employee disputing poor working conditions or a nursing home resident alleging

...98.4% of the arbitration decisions by the top 10 arbitration firms are made in favor of companies...

medical negligence might never know why their claims against a company were denied. Worse, since the arbitration firms have an interest in maintaining good relationships with the corporations that are their steady customers, it's little surprise that 98.4% of arbitration decisions by the top 10 arbitration firms are made in favor of companies—and against consumers, employees, and patients. The Arbitration Fairness Act, proposed this year in the United States Senate by Senator Russell Feingold (D-WI), protects against clandestine decision-making and corporate favoritism by invalidating pre-dispute BMA “agreements” between parties of unequal bargaining power. For safeguarding the right to trial by jury, where a body of law protects the rights of producer, consumer, employer, and employee alike, the AFA is one of the best policies of 2007.

The Ten Best Public Policies of 2007

No More Working While Sick

2 Caught that new flu bug that's going around? If you're one of the 50% of American workers without paid sick leave, you may be punching the clock anyway. And if you're one of two-thirds who can't take paid time off to care for an ill child, Junior may be heading off to school with a contagious disease. That is, unless you live in San Francisco, which this year became the first place in the country to mandate at least five days of paid sick leave for everyone employed within city limits. The measure permits employees to use the sick days to care for themselves, family members, or another person designated as dependent on their care. While businesses complain about the cost, the SF ordinance—approved by voter referendum—is expected to lower employee turnover, raise productivity with a healthier workforce, reduce

Workers, meanwhile, will no longer face an impossible choice between health and employment.

the rate of workplace-related illness as fewer people go to work with contagious conditions, and allow illnesses to get treated before they become serious. Workers, meanwhile, will no longer face an impossible choice between health and employment. For giving everyone time to heal without

losing a day's pay, San Francisco's sick leave is one of the best policies of 2007.

A Haven for Community

3 In a debate overflowing with invective and cheapened by half-truths, a reasonable voice achieves unexpected potency: “This is not a Latino issue. This is not an immigrant issue. This is an issue of justice and human rights.” These are the sage words of New Haven Mayor John DeStefano as he issued a new municipal ID card available to all city residents, regardless of immigration status. The card ensures access to city libraries and parks and can be used to obtain bank accounts, car insurance, and apartment rentals. It also functions as a debit card for parking tickets and some downtown shops. The card benefits New Haven's 10,000 to 12,000 undocumented immigrants who have easier access to private and municipal services, but it's really a boon to every city resident. For example, undocumented immigrants can show their card to police who ask for ID, making it easier for them to report crimes and serve as witnesses, which increases public safety for the entire town. New Haven's policy of recognizing all of its residents and integrating everyone into the community identifies it as one of the best of 2007.

Stop the Mortgage Abuse

4 A predatory mortgage loan is a wolf dressed in sheep's clothing, with low teaser rates masking the high fees and escalating interest payments lurking down the road. The end is seldom pretty: a borrower who never had a prayer of being able to pay off the loan frequently loses their home to foreclosure. A new law in Minnesota puts a stop to such deceptive and abusive practices by mortgage brokers and lenders, mandating that lenders verify a borrower's ability to repay the loan, requiring brokers to act in the borrower's best interest, and limiting points and fees. The law also bans refinancing deals that have no benefit to the borrower but generate lucrative fees and commissions for the lender. In addition, Minnesota has outlawed the grossly unfair tactic of steering borrowers toward a higher interest loan than they actually qualify for—a practice that has particularly victimized black and Latino borrowers. A number of states, as well as the federal government, have legislation in the works that builds on the Minnesota model. For finally reining in the out-of-control lenders that prey on Americans' dreams of homeownership, Minnesota's mortgage law finds a home on our list of the best policies of 2007.

State of the Unions Addressed

5 Labor unions built the American middle class. Membership today, however, hovers around 12% of our workforce even as millions of non-union employees say they want a union at work. So why aren't more people organized? Routine intimidation is one reason: employers hold backroom private meetings with employees, threaten factory closings, and illegally fire the leaders of union-organizing campaigns. This year, Congress

took action to stop the harassment by introducing the Employee Free Choice Act. Introduced by Rep. George Miller (D-CA) and killed by a Senate filibuster, the act would streamline the process by which employees may organize, join or support a labor organization, making it easier for workers to collectively bargain for anything from higher wages to better healthcare and safer workplaces. Wal-Mart-style intimidation and retribution are out the window, as the act would provide greater protection and remedy to sanction scare tactics against organizers. For trying to provide stronger protections against unfair labor practices and giving greater access to union membership for millions of American workers, the Employee Free Choice Act is one of this year's "best."

D.C. in the House!

6 Forget the tacky mottos on the typical state license plate, Washington D.C.'s slogan, "Taxation Without Representation," is a stinging indictment of the District's lack of even one federal representative empowered

to vote in Congress. Eleanor Holmes Norton, D.C.'s indomitable delegate, can debate with the best of them, but without the D.C. Voting Rights Act, neither she nor anyone else D.C. residents elect to Congress can cast a binding vote. No matter that the District's population is greater than, say, Wyoming's (two senators and a representative, thank you very much) or that its residents pay taxes and serve on juries, or even that the U.S. is a signatory to international treaties guaranteeing full voting rights. The D.C. Voting Rights Act passed the House this year for the first time in decades. Supporters even had a plan to win over GOP Senators spooked by what would likely be a new Democratic seat: balancing it with another seat for the heavily Republican state of Utah. Alas, the deal still failed to overcome a partisan filibuster. We cast our ballot for the D.C. Voting Rights Act, an affirmation of America's deepest democratic values, as one of the best policies of 2007.

Taking the Train

7 The Denver area probably isn't the first place that comes to mind when you think of excellent public transportation, but that may be about to change. This May, the city began the nation's largest transit expansion program, a 12-year, \$4.7 billion plan approved by voters in 2004 to build 119 miles of new light and commuter rail, while dramatically improving bus service. But the project is about more than just a way to get from one place to another: the regional transit agency is also working with local governments and private builders to promote transit-oriented development (TOD), communities planned around their convenient access to mass transit where residents can easily walk to shops, parks and other amenities. An increasingly popular model for new developments nationwide, TOD reduces traffic congestion and





pollution, promotes a healthy lifestyle, enhances sustainability and offers increased mobility for people unable to drive. And while Denver may be the largest project combining transit and development, cities from Orlando to Dallas to Salt Lake City and Charlotte, North Carolina are pursuing their own transit and TOD expansions. Denver's investment in transit puts it right on track to be among the best public policies of 2007.

NYC Plans on Sustainable Development

The Bush Administration is still dawdling when it comes to confronting environmental crises, but state and local elected officials are moving ahead to implement their own sustainable policies. New York City Mayor Michael Bloomberg leads the pack. His far reaching proposal, PlaNYC, addresses three physical barriers to ensuring the city's sustainable expansion and improving New Yorkers' quality of life: population growth, infrastructure, and the environment. The campaign aims to create homes for a million more New Yorkers in areas accessible by mass transit, to cut water pollution in order to open 90% of the city's waterways to recreation, and to reduce global warming emissions 30% by 2030. The strategy is effective

because it is so comprehensive: the "everything-on-the-table" approach to sustainable development means that solutions are as varied as an energy-efficient taxi fleet, water-cleansing mollusks, green roofs, a million new trees, tax-free energy-efficient cars, and energy-producing landfills. Such a comprehensive approach addresses the complexity of sustainable development head on and encourages New Yorkers to think hard about their city and its interactions with the environment. For embodying the spirit of global thought and local action, PlaNYC is one of the best policies of 2007.

Sharing the Wealth

8 According to the U.S. Census Bureau, Maryland is the wealthiest state in the Union. So why do more than half a million Marylanders still live below the poverty line? Gov. Martin O'Malley and a bipartisan legislature decided to share the wealth with lower-income workers this year, enacting the nation's first ever statewide living wage law, which went into effect on October 1st. The law joins more than 120 living wage laws in effect in cities and counties across the nation. The new law applies only to government contractors and subcontractors and requires them to pay a "living wage" of \$11.30 to their employees in urban areas and \$8.50 to employees in rural areas, where the cost of living is lower. The wage levels were calculated based on what it costs for a family of four to achieve self-sufficiency. In addition to reducing poverty, the law is projected to benefit business by increasing productivity and reducing employee turnover. For raising the standard of living for thousands of low-income workers and ensuring that public dollars don't subsidize poverty-level jobs, the Maryland living wage law earns a place among the "Best of 2007."

Maine Retains Brains

10 Talk about killing two birds with one stone: with an innovative new program called Opportunity Maine, the Pine Tree State is simultaneously addressing the mounting burden of student loan debt and the economic development challenge of retaining an educated workforce. It works like this: Opportunity Maine provides a state income tax credit to graduates from public and private colleges located in the state, including both community colleges and four-year institutions. The tax credit is equivalent to the amount of any educational loan payments that graduates (or their employers) are making and lasts for up to ten years while graduates are paying off their loans. Here's the catch: to be eligible for the tax credit, graduates must continue to live in Maine. By providing an incentive for graduates to remain in the state, the policy not only helps young graduates struggling with debt, but also reverses the flow of educated people out of Maine. Supporters predict that the long-term investment in a skilled

...the policy not only helps young graduates struggling with debt, but also reverses the flow of educated people out of Maine.

workforce will eventually pay for itself as higher paying jobs for educated workers are generated and retained in the state. This bright policy idea didn't come from politicians: grassroots organizations, including the League of Young Voters, began a petition drive that was later picked up by legislators. For a smart investment in the education of its residents, Opportunity Maine earns an A + and the designation "Best of 2007."

The Ten Worst Public Policies of 2007

Selling Out Consumer Safety

1 As headlines about the recall of millions of children's toys coated with highly toxic lead paint dominated the newspapers this summer, many Americans wondered: isn't there some kind of government agency that's supposed to keep dangerous goods off store shelves in the first place? Enter the Consumer Products Safety Commission (CPSC), an anemic agency with a meager budget that pays for just 15 employees to inspect consumer product imports and one employee to inspect toys. Overall, the agency staff is just half what it was in the 1980s, when many fewer imported goods were on the market. Congress recently moved to remedy the problem, proposing to enlarge the CPSC's staff and budget, increase the maximum penalties for safety violations, and strengthen protections for industry whistle-blowers. Astonishingly, the Commission itself said thanks, but no thanks. Acting Chairwoman Nancy Nord, a former corporate lawyer who was appointed without congressional approval, insisted that she had not requested the staff and budget increases and that the bill was too tough on manufacturers. For undermining its own mission to improve consumer safety, the CPSC's sell out is one of the worst policies of 2007.

Assault on Gun Tracing

2 The National Rifle Association is again working feverishly to protect our right to privacy. Never mind warrantless wiretapping, Internet searches saved for all eternity, and cell phone tracking systems. The pressing privacy issue of the day is ensuring that gun trace data is kept out of the hands of safety officials who would use it to track down illegal gun dealers. Representative Todd Tiahrt (R-KS) is the NRA's mouthpiece in Congress on the issue; for years, he has sponsored amendments to limit city and state governments' capacity to gather the data needed to establish distribution patterns linking dealers to illegal guns. The Tiahrt amendment v.2007 goes even further by prohibiting the use of trace data in civil suits against gun dealers and manufacturers. This

newest legislation is a direct assault on the civil litigation strategy pioneered by the country's mayors which seeks to root out and prosecute the slimiest 1% of gun dealers who sell 57% of illegal guns. This year's Tiahrt amendment perpetuates the NRA's strategy of keeping federal gun enforcement ineffective, while staunching creative local innovations to limit gun violence. For a tragic misfire when it comes to keeping illegal guns off the streets, the Tiahrt amendment is one of the worst policies of 2007.

Bush Not Hip on SCHIP

3 What does President Bush have against sick children? In September, large bipartisan majorities in Congress passed legislation reauthorizing the State Child Health Insurance Program (SCHIP) and expanding it to provide health coverage to an additional 3.8 million low- and moderate-income kids. A joint state and federal program, SCHIP has been enormously successful in making sure that uninsured children have access to timely medical care—serving up to six million young Americans so far. Even the insurance industry was rooting for the measure to get passed. Nevertheless, the “compassionate conservative” president tanked the bill with a veto.



To the NRA, the pressing privacy issue of the day is ensuring that gun trace data is kept out of the hands of safety officials who would use it to track down illegal gun dealers.

The Worst

Justifying the cold-hearted move with bogus rationalizations about middle-income kids abandoning private insurance for the government program, the President suggested leaving millions of children uninsured was not really such a big problem anyway: “After all, you just go to an emergency room.” For preventing millions of uninsured children from getting the health coverage they need, Mr. Bush’s policy of funding war over funding children’s health flat-lines as one of this year’s “worst.”

The Ledbetter decision will have a chilling effect on cases of pay discrimination and gives a green light to employers to “fool” their employees with incremental discrimination once, then twice, then again and again.

Supreme Court Tomfoolery

4 Should the age-old adage “fool me once, shame on you, fool me twice, shame on me” apply to discriminatory employment practices? The Supreme Court thinks so. In *Ledbetter v. Goodyear*, the Court’s majority found that complaints of pay discrimination must be filed with the Equal Employment Opportunity Commission within 180 days of the first discriminatory act. The problem? Since workplaces frequently prohibit employees from even discussing how much they’re paid, many aren’t aware they’ve been discriminated against until it’s been going on for years. By that time, according to the Court, it is simply too late to complain. That’s what happened to Lilly Ledbetter, one of the few female supervisors at a Goodyear tire plant in Gadsden, Alabama, who proved to a jury that she had been paid hundreds of dollars a month less than her male counterparts for nearly 20 years. The

Court ruled that she had no recourse within the law because she failed to register her complaint within 180 days of her first paycheck. The Ledbetter decision will have a chilling effect on cases of pay discrimination and gives a green light to employers to “fool” their employees with incremental discrimination once, then twice, then again and again. For ignoring the realities of the workplace, the Ledbetter decision is one of the worst policies of the year.

Tricked on Trade?

5 Fair trade certainly wasn’t the only issue in the 2006 elections, but it played a major role in some of the key races that won the Democrats a congressional majority. So the news last May came as quite a surprise: behind closed doors, the Democratic leadership had negotiated with President Bush to pass a new NAFTA-style trade deal with Peru. To be fair, the deal contains some important advances over previous trade agreements, including measures requiring Peru to fulfill its obligations on environmental agreements, as well as new language on labor rights. But the deal also retains incentives for companies to outsource jobs and has troubling language that gives foreign investors special rights to challenge American laws—from local zoning decisions to environmentally-friendly procurement policies—in foreign courts. What’s more, in a time of increased concern about the safety of imported products, the deal raises alarm bells with its limits on U.S. inspections of food imports. Even the labor provisions may be less positive than they sound: Peru must agree to follow a set of labor rights principles, but is not bound to specific agreed-upon standards. As yet another unfair trade deal that meets only the lowest standard, the Peru agreement is one of 2007’s worst policies.

Government for Hire

6 What do Coast Guard cutters, border security, and dams in Louisiana have in common? Both by land and by sea, the federal government is contracting important public functions like these to private companies, a practice now valued at \$400 billion a year. What makes this redistribution of taxpayer dollars to large corporations—the 20 largest contractors receive 38% of procurement dollars—so insidious, though, is the waste, fraud, and failure associated with the projects. The value of non-competitive contracts has tripled since 2000 while government oversight of the contracting process has withered. These days we’re even contracting out oversight over the contractors! From the lawlessness of private military contractors in Iraq to the incompetence of security contractors caught sleeping while on guard at a nuclear power plant, the result is a proliferation of contracts for overpriced goods and services of indeterminable quality. The accelerated creation of an unaccountable “shadow government” working for private gain rather than the public good is one of the worst public policies of 2007.

Shredding the Welcome Mat

7 Most towns want people to move in; with new residents come vibrancy, tax revenue, small businesses, new customers and a workforce. But don’t tell that to Riverside, New Jersey, where the town’s anti-immigrant policies effectively hamstrung its main source of economic activity: immigrants. Earning the dubious distinction of being at the vanguard of a wave of local anti-immigrant ordinances,

Riverside, NJ's local law penalized landlords who rent to undocumented immigrants and employers who hire them. It's a prime example of vindictive, impractical, and short-sighted public policy on immigration. While instilling a sense of fear among the town's large immigrant population, the measure also succeeded in crippling the old factory town's economy, which had been revived by immigrant entrepreneurs and other small businesses that catered to Riverside's growing number of immigrant consumers. Though ultimately repealed in September 2007, Riverside's business district remains a ghost town. The town's scapegoating of immigrants to the peril of immigrant and native-born residents alike qualifies their policy as one of the worst of 2007.

Fewer Choices, Fewer Voices

8 Viacom, CBS, General Electric, Disney, AOL Time Warner—and let's not forget Rupert Murdoch's News Corp. The list of corporations that dominate U.S. media is short. Even on the freewheeling Internet, a majority of Americans get their news from just a few sites. As fewer and fewer big companies own more media outlets, local news coverage declines and the diversity of voices and viewpoints is diminished. Yet, the FCC has decided to loosen regulations on media ownership and allow even more consolidation. The proposal itself is vague: in general the plan would allow a single company to own more radio and TV stations in one city while also controlling a daily newspaper (perhaps the only daily newspaper) in town. Although the details have not been announced, the FCC has held a series of poorly publicized public hearings and aims to have the new policy in place by the

end of 2007. With democracy itself dependent on an informed public making knowledgeable decisions, the stakes couldn't be higher. For failing to address media diversity and promoting an anti-democratic monopoly on information, this policy gets a spot in our lineup of worst policies.

One Sick Policy

9 There's no domestic problem that can't be solved by tax cuts. At least that seems to be the Bush Administration's position. So faced with growing public outcry over rising health insurance costs and the plight of 47 million Americans



without coverage, it's no surprise what President Bush proposed. The President's "standard deduction for health insurance," unveiled during the 2007 State of the Union Address, would provide a limited tax break to both employers and individuals who purchase health coverage. But the proposal would do little to help low-income Americans who are most likely to be uninsured—they already pay too little in taxes for a deduction to be meaningful. Worse, the plan would erode the already frayed system of employer-sponsored health insurance,

replacing it with a private market in which each family must fend for itself when it comes to finding coverage. The open market, however, contains no mechanism for pooling risk, meaning that healthy people could buy cheap insurance, but many sick people who need coverage most would be in worse shape than today. Luckily, Congress has shown little interest in this boondoggle. Our diagnosis: "fixing" health care with tax breaks is one of 2007's worst prescriptions.

Incredible Injustice

10 Will the Patriot Act ever cease to rear its ugly head? The 2006 reauthorization of the bill precipitated this year's biggest scandal by permitting the Justice Department to make indefinite interim appointments of U.S. attorneys without congressional oversight. With a sixth sense for political opportunism, the Attorney General's office sprung into action, using targeted firings to replace eight U.S. attorneys whose otherwise positive job reviews did not include being "loyal Bushies" or capitulating to pressure from the Beltway to initiate unethical, politically motivated prosecutions. An intractable Alberto Gonzalez initially refused to resign his post, despite evidence that the prosecutors had been contacted at home by prying U.S. senators, that the White House wanted to pad the resumes of Republicans by inserting them in the ousted attorneys' posts, and that most of the former prosecutors had been involved in investigations that ran counter to the administration's interests. Even if, at our own risk, we dismiss the scheming e-mails and conveniently timed firings as conspiratorial, the U.S. attorney scandal at the very least compromises the credibility of justice. For this, it is one of the worst policies of 2007.

2007 INJUSTICE INDEX

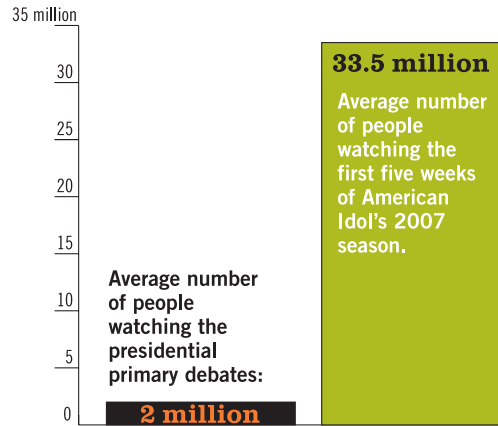
Minimum number of hazardous children's toys recalled by Mattel in August 2007:

9,500,000

Number of employees on the Consumer Product Safety Commission in 2007: **420**

Number of full-time CPSC staff who currently inspect toys, according to *The New York Times*: **1**

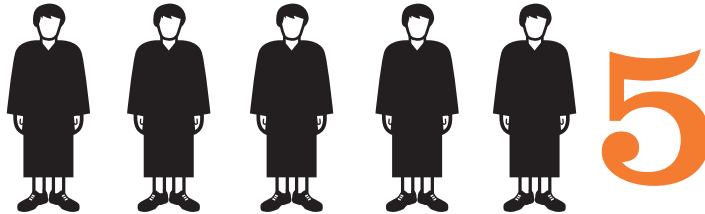
Number of CPSC staff eliminated by the Bush administration's 2008 budget: **19**



Number of members of the Nobel Committee that awarded the Peace Prize to Al Gore in 2007:



Number of U.S. Supreme Court Justices who voted against Gore in Bush v. Gore, preventing a recount of ballots cast in Florida during the 2000 presidential election:

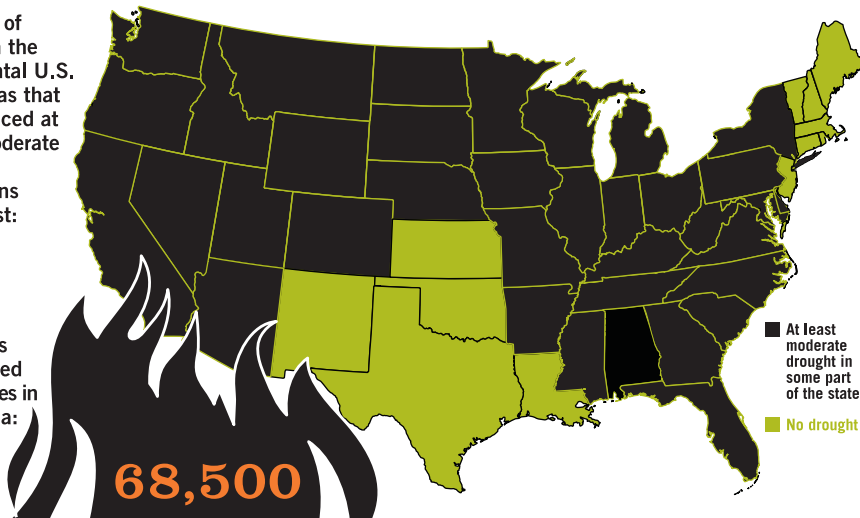


Number of states in the continental U.S. with areas that experienced at least moderate drought conditions in August:

36

Number of homes threatened by wildfires in California:

68,500



Average cost per day to Los Angeles County to house a female in the Los Angeles jail:

\$99.64

Cost of housing Paris Hilton in a Los Angeles jail for one day, including "special staff for her needs":

\$1,109.78



Number of families who may lose their homes due to foreclosures on their sub-prime mortgage loans:

2,200,000

Chance that a Hispanic or African-American borrower received a subprime loan compared to a white borrower with similar credit ratings:

3:1



Chance that the next president will be either the leading Hispanic or African-American candidate respectively according to the November 2007 odds on an online gaming website:

45:1

5:1

Total amount of contributions raised by all 2008 presidential campaigns a full year before the election is held:

\$419,877,377

Number of times Rudy Giuliani has answered phone calls from his wife during speeches, conferences, and presentations, as estimated by the *Wall Street Journal*:



Length of time one New York man stood in line to get an iPhone:



Length of the United Auto Worker's strike against Chrysler:



Longest television appearance by Venezuelan president Hugo Chavez on his television program *Aló Presidente*:



Cost of one night in the Eiffel Suite at the Hilton Paris

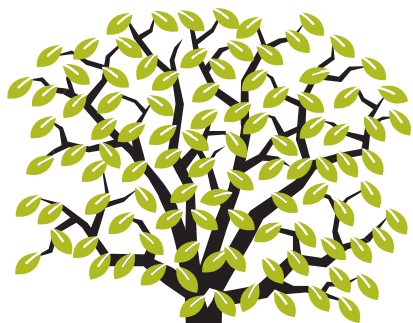
\$1,392



Number of graduates of Pat Robertson's Regent University serving in President Bush's administration according to *Slate*:

150

Likelihood that a Regent graduate will be employed in some form of government work: 1:6

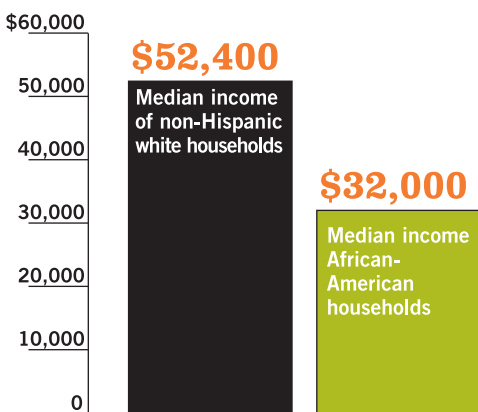


Minimum number of days of suspension including out-of-school, in-school, and Saturday detentions, received by three white students at Jena High School for hanging three nooses from the school's "white tree," under which only white students traditionally sat:

19 days

Number of years of prison 17-year-old Mychal Bell, one of the Jena 6, initially faced after being convicted of beating up a white student after the noose incident:

15 years



Date on which the median price of the American dollar to the Canadian dollar was 1/1:

September 20, 2007



Last date on which parity was reached:

January 14, 1977

Percentage tax rate of income from "carried interest," the compensation that fund managers receive for managing investments: 15



Estimated percentage tax rate if carried interest were taxed as regular income: 30

Percentage of total political donations by hedge funds given to Democrats in 2006: 72

Approximate number of currently uninsured children who would be covered by the bill Congress passed this year to expand the State Children's Health Insurance Program (SCHIP):

Number of uninsured children in the United States:



8.6 million



4 million

Date on which SCHIP was first vetoed by President Bush:



October 3, 2007



Percentage of population identifying with Republicans and Democrats in 2002, respectively:

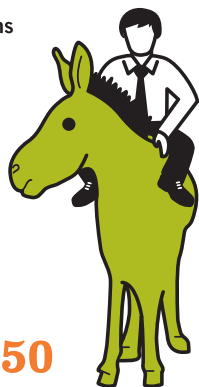
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Percentage of population identifying with Republicans and Democrats in 2007, respectively:

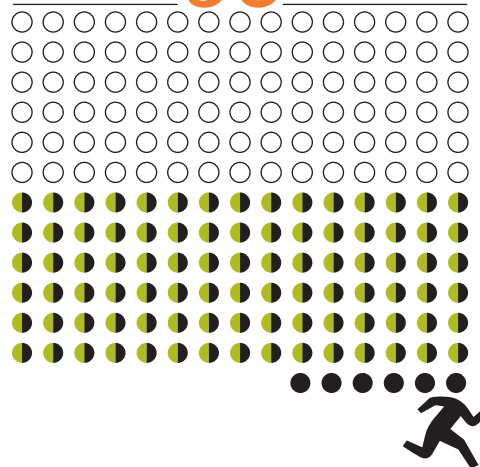


36, 50



Number of warrants issued by the Immigration Enforcement Agency in anti-immigration raids in Nassau County, New York on September 24 and 26 during which 186 immigrants were arrested:

96



Number of warrants with wrong or outdated addresses, according to the Nassau County Police Commissioner: 90

Number of warrants that the special agent in charge of the raid said were needed to make arrests during the raid: 0

Number of agents used in the operation:

180

Number of agents who was wearing a cowboy hat:



Date on which President Bush said:

"I can barely speak English."

August 11, 2007

Reading List: [Worth a Peek]

An Economy That Puts Families First: Expanding the Social Contract To Include Family Care

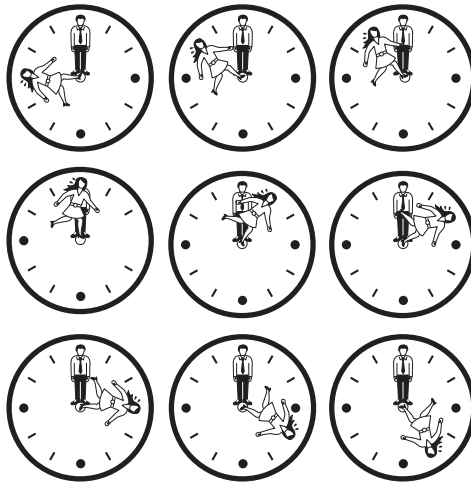
Report by Heidi Hartmann, Ariane Hegewisch, and Vicky Lovell at the Economic Policy Institute

In reality, both parents are in the workforce in two out of three families with children. In American public policy, “parents have made enormous changes in their lives with little help or support, and the strains are showing.” There is no one to pick up the slack during emergencies, illness, or when one earner cannot work. Since society has an overwhelming interest in seeing that the next generation is cared for, and the market alone cannot ensure this, we need public policy that allows for flexible work schedules, paid family leave and sick days, and subsidized childcare.

Unregulated Work in the Global City

Report by Annette Bernhardt, Siobhan McGrath & James DeFilippis at the Brennan Center for Justice

From the clerk at the 99-cent store who works 60-hour weeks without ever seeing a dime of overtime pay, to the dry cleaning employee inhaling hazardous chemicals with no protection, this intensive, three year study from the Brennan Center finds that federal, state, and local workplace safety laws are systematically violated in a wide number of low-wage industries in



We need public policy that allows for flexible work schedules, paid family leave and sick days, and subsidized childcare.

New York City. The authors caution that “the many laws on the books to protect the working poor mean little if they are not enforced.” And it’s not just a few bad apples in the Big Apple—the implications of this report for the rest of the country are grim.

Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners

Report by Ellen Schloemer, Wei Li, Keith Ernst, and Kathleen Keest at the Center for Responsible Lending

A surprise? Not so much. The experts at the Center for Responsible Lending raised alarms about the dangers of loosely regulated subprime loans long before the mainstream media caught on. In this report, billed as “the first comprehensive,

nationwide review of millions of subprime mortgages originated from 1998 through the third quarter of 2006,” the Center presents a disturbing forecast about the scale of the crisis. One out of every five subprime mortgages is likely to end in default, leading millions of American homeowners to lose both their homes and an estimated \$164 billion due to foreclosures.

Trends in Political Values and Core Attitudes: 1987-2007

Report from the Pew Research Center for the People and the Press.

For twenty years, Pew has been surveying Americans about a broad range of political, social and economic beliefs and values, from the existence of God to the advisability of maintaining a strong military. The most recent edition contains some good news for progressives: Pew finds increased concern about economic inequality, greater public support for the social safety net, and more moderate views on race, gender, and homosexuality. And while the country was equally divided on partisan lines in 2002, 2006 reveals a decided Democratic advantage.

The Assault on Reason

Book by Al Gore

The former Vice President is quickly developing a reputation for impassioned yet meticulously researched books that tackle the foremost issues of the day. This time, he considers the overall state of American public discourse on big

questions from terrorism to, yes, global warming. Gore argues that “reason, logic and truth seem to play a sharply diminished role in the way America now makes important decisions,” a trend he finds embodied by—but hardly limited to—the reality-challenged Bush Administration, which regularly dismisses sound evidence, expert advice, and public debate in favor of a pre-set ideological agenda.

Black and White and Re(a)d All Over: The Conservative Advantage in Syndicated Op-Ed Columns

Report from Media Matters

Oh, the liberal media! After an exhaustive review of the daily newspapers in the United States, this report concludes that “in paper after paper, state after state, and region after region, conservative syndicated columnists get more space than their progressive counterparts.” While 60% of the papers print more conservatives every week, just 20% print more progressives (the rest print an even number). What’s more, the top ten columnists by circulation include five conservatives, two centrists, and just three progressives. So much for balance.

From Poverty to Prosperity: A National Strategy to Cut Poverty in Half

Report from the Center for American Progress

One in eight Americans lives in poverty. Can we really do anything about it? This report provides a resounding “yes!” in the form of twelve policies that together have the potential to cut American poverty in half within a decade. From expanding the Earned Income Tax Credit to helping former prisoners reintegrate into communities and raising Pell Grants to help poor kids attend college, the cumulative impact of these policies would lift millions of Americans toward the middle class.

Close To Slavery: Guestworker Programs in the United States

Report from the Southern Poverty Law Center

Proponents of a guest worker program to address the nation’s future immigration needs would do well to consider the program currently in effect. This report finds that the approximately 120,000 guest workers brought to the U.S. annually under the H-2 visa program regularly face exploitation, from squalid living conditions to denial of wages earned. Despite being faced with an abusive employer, they are prohibited from changing jobs. To make matters worse, the study finds that “if guestworkers complain about abuses,

they face deportation, blacklisting or other retaliation.” Sound familiar?

The Shock Doctrine: The Rise of Disaster Capitalism

Book by Naomi Klein

This powerful book explores the recent history of efforts in the U.S. and abroad to “[use] moments of collective trauma to engage in radical social and economic engineering” in service of a right wing economic vision of privatization, deregulated markets, and a slashed social safety net. With the gutting of worker protections, demolition of public housing without replacement and privatization of schools in New Orleans after Hurricane Katrina as one example, Klein finds that devastating “free” market proposals are often pushed through when the public is too shocked by a man-made or natural disaster to resist.

Climate Change 2007: Impacts, Adaptation and Vulnerability, Summary for Policymakers

Report from the Intergovernmental Panel on Climate Change

This sobering report from the Nobel Prize winning U.N. Intergovernmental Panel on Climate Change finds evidence that natural systems throughout the world are already being affected by climate change. The report predicts that in North America, coastal communities



Reading List

will be particularly stressed, air quality will decline due to higher ozone levels, and heat waves, floods, storms, wild fires and droughts will increase both in number and severity. The report concludes that many impacts of climate change can be reduced or avoided by taking steps to mitigate it, for example through sustainable development.

The Housing Landscape for America's Working Families, 2007

Report by Maya Brennan and Barbara J. Lipman at the Center for Housing Policy

The tough housing market affects more than just homeowners: low- and moderate-income renters are also struggling. This nationwide study looks at working families in 31 metro areas who earn just over the area's median income or less. Since 1997, the number of these families paying more than half of their income for rent has doubled. The problem is not limited to expensive cities on the East and

West Coasts: "significant numbers of working families in every metro area—including those in Atlanta, Denver and Indianapolis—pay more than half their income for housing."

After Katrina: Washed Away? Justice in New Orleans

Report by Caterina Gouvis Roman, Seri Irazola, and Jenny Osborne at The Urban Institute

Two years after Hurricane Katrina, high levels of crime and violence continue to plague New Orleans, and the criminal justice system remains chaotic. The result of a year-long study, this report documents the situation before the storm, the immediate impact of Katrina and its persistent consequences, including a dramatically understaffed police force, insufficient jail space, and inadequate legal representation for indigent defendants. The study concludes that "together, these issues create a cycle

of hard-to-shake problems, including low officer and resident morale, further jeopardizing the region's ability to maintain safe streets."

A Pro-Civil Justice Presidential Platform

Report by Kia Franklin at the Drum Major Institute for Public Policy

Besides a few stale calls for tort "reform," you won't hear much about civil justice in the 2008 presidential discussion. DMI's latest report aims to set that right, explaining that "Our civil justice system empowers citizens to advocate for their rights and protect themselves against undue harm... ensuring that everyone, even powerful corporations and our government, abides by the rule of law." The report outlines common-sense steps the next president can take to improve access to the civil court system, from establishing a right to civil counsel in certain critical cases to creating a presumption that federal laws will not preempt state regulations that protect public health and safety, economic fairness, and social justice.

"Our civil justice system empowers citizens to advocate for their rights and protect themselves against undue harm... ensuring that everyone, even powerful corporations and our government, abides by the rule of law."



Eye on the Right

The Manhattan Institute

The Manhattan Institute continued to blame poverty on the poor in 2007, decrying the efficacy of any and all public efforts to address economic hardship (the Manhattan Institute doesn't suffer a similar affliction; they spent more than \$12 million in 2006 to get out their message.) Par for the course was a Chicago Sun-Times op-ed by Senior Fellow Steven Malanga, who scoffed at efforts to raise the minimum wage or protect labor rights because "poverty in America results increasingly from the choices that people make, not our economic system's supposed shortcomings." Along similar lines, Fellow Heather MacDonald deplored calls to expand social services for babies and children as "a pathetic diversion...as if the last 40 years of poverty policy haven't proven the futility of such money sinkholes." Noting that the lowest income Americans are often uneducated, underemployed, and disproportionately include single mothers struggling to raise children on their own, Malanga, MacDonald, and many of the nearly 40 other commentators on the Manhattan Institute payroll offer an uncomplicated prescription: the poor should simply get an education, get a job, and above all, get married. Nothing could be easier.

Competitive Enterprise Institute

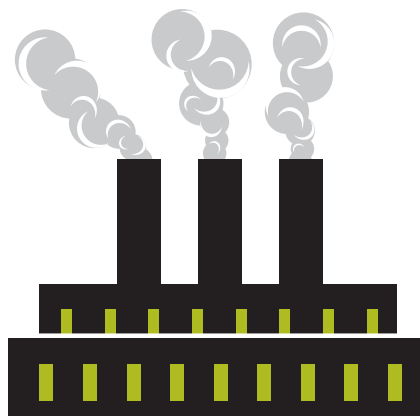
After more than twenty years fighting environmental protection and regulation of toxic waste and emissions, the Competitive Enterprise Institute, with the backing of the world's largest oil companies, today devotes some of its \$3 million annual operating budget to propagating conspiracy theories about the scientific consensus on global warming. Climate scientists, according to Fellow Steven Milloy, are part of a sinister plot. "Averting planetary disaster is not what global warming alarmism is all about. There are many nefarious agendas driving the global warming controversy, none of them have anything to do with 'saving' the planet." The first threat is "radical left-wing environmentalists whose goal... is global socialism." Other conspirators include "Europeans [who] now see global warming

as a means of hampering U.S. economic competitiveness" and yes, even Wal-Mart, the conservative stalwart, which is scheming to sell compact fluorescent bulbs rather than the cheaper but less efficient incandescent variety. To Milloy, even a modest agenda to address global climate change amounts to a full-scale "recipe for social, political and economic disaster... for everyone, with the possible exception of the misanthropic, back-to-nature socialists among us." A fringe viewpoint? Perhaps, but as a regular contributor to FoxNews.com, Milloy enjoys a wide audience.

The Heritage Foundation

Washington's premier conservative think tank, the Heritage Foundation, will celebrate its 35th birthday in 2008 (no need for a present; last year, they declared total assets of over \$213 million.) But if you imagine that their advancing age has encouraged mature and responsible thinking, think again. This year, Heritage Foundation "expert" and vice president of government relations, Michael Franc, stooped to a true low: comparing the new congressional majority to the terrorist mastermind behind the massacre on 9/11. "I do not question the patriotism of these lawmakers," Franc avers, but "who would have thought that one of the chief challenges confronting congressional Democrats would be a need to distinguish themselves

To CEI fellow Steve Milloy, even a modest agenda to address global climate change amounts to a full-scale "recipe for social, political and economic disaster... for everyone, with the possible exception of the misanthropic, back-to-nature socialists among us."

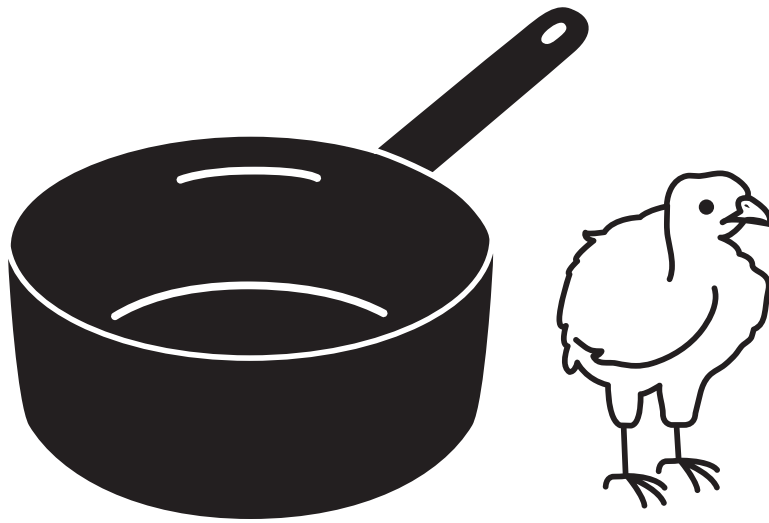


Eye on the Right

from Osama bin Laden?” What have Nancy Pelosi and her caucus done that makes it so hard for Franc to tell them apart from the brutal Al Qaeda leader? First, Franc points out that bin Laden opposes the Iraq war and believes that it has endangered America’s international reputation. Congressional Democrats have also been heard criticizing the war, noting the international opinion surveys that show a less favorable impression of the U.S. as a result. What’s more, Franc will have us know, bin Laden criticized capitalism in his latest video, while Senator Harry Reid speaks about the middle-class squeeze. Finally, bin Laden thinks global warming is a threat and could ultimately lead to widespread death and displacement and “liberal lawmakers make these points every day.” What’s the lesson for the man who compares our nation’s elected leadership to murderous terrorists? “Liberals need to wean themselves from... excessive rhetoric.” We’ll be right behind you, Mr. Franc.

Family Research Council

According to their mission statement, The Family Research Council “champions marriage and family as the foundation of civilization, the seedbed of virtue, and the wellspring of society.” But this mainstay of the far religious right isn’t talking about just any marriage, or any family. Indeed their \$22 million in assets are devoted to promoting a narrow and exclusive definition of both. “Society gives ‘benefits’ to marriage because marriage gives benefits to society,” writes FRC’s Peter Sprigg in USA Today, “Therefore, when those who are not married, such as people in homosexual or cohabiting relationships, seek to receive such public benefits, they bear the burden of proof. They must show that such relationships benefit society (not just



...the promise of “a chicken in every pot and a car in every garage” will yet remain an even more dismal reminder of Hoover’s failed public policy.

themselves) in the same way and to the same degree that authentic marriage between a man and a woman does. This is a burden they cannot meet. Only the union of a man and a woman can result in the natural reproduction that is essential literally to continue the human race.” Last time we checked, it was all too easy for cohabitating opposite sex couples to engage in “natural reproduction”—especially as the FRC condemns abortion and contraception.

The Hoover Institution

Founded in 1919 by 31st President-to-be Herbert Hoover, the Hoover Institution has been home to ultra-conservatives like Donald Rumsfeld and Condoleezza Rice, enjoying an operating budget well over \$38 million in 2007. As long-time advocates of tax cuts for the wealthiest individuals and corporations, Hoover has updated and revised its 1985 pitch for regressive taxation, “The Flat Tax.” Their plan calls for a flat tax on personal and corporate incomes that would effectively place a greater burden on America’s struggling middle and lower income earners, while significantly lowering the amount paid by individuals and

corporations who benefit the most from our economy. Their flat tax at a “low, uniform 19%” would actually raise taxes on the lower and middle classes, while dramatically cutting them for the highest earners. Sadly, it seems that if the Hoover Institution wins its 25 year struggle to raise the taxes of those least able to pay them, the promise of “a chicken in every pot and a car in every garage” will yet remain an even more dismal reminder of Hoover’s failed public policy.

Employment Policy Institute/Center for Consumer Freedom/Center for Union Facts

Rick Berman is quite a guy. Back in 1991, he founded the Employment Policy Institute which to this day doggedly repeats a single point in publications from the New York Times to the San Diego Union-Tribune: raising the minimum wage, instituting a living wage, and requiring employers to put a penny toward employee health care are all guaranteed to destroy jobs and help almost no one. But

why content yourself with a single one-note right wing think tank when you can run three of them? Through his Center for Consumer Freedom, Berman argues against schools banning junk food and laws requiring restaurant menus to list calorie content. Through the highly abrasive Center for Union Facts, he runs newspaper ads attacking the labor movement and asserting that union leaders—in general—embezzle their members' dues money. His editorials, meanwhile, deride labor as a "perpetual money machine" and sound the warning that facilitating the process for employees to choose union representation could strengthen unions. And then? "Stronger unions use their greater financial strength to push the activist, liberal agenda that will elect more union-friendly legislators." They might even try to raise the minimum wage.

Cato Institute

The libertarian Cato Institute has always toed a consistent line: America would be better off without most of the laws, regulations, and public goods we have today. The privatization of everything from schools to Social Security is part of the plan. Accordingly, Michael F. Cannon, Cato's director of Health Policy, wants you to trust free markets with your life. Cannon advocates cutting the public safety net out of health care altogether. He makes the case against "conservatives [who] have been seduced into thinking we can achieve universal coverage in a free-market way," arguing that "a free market would not provide health insurance to all; some people are uninsurable..." And with that, Cannon is off organizing the "Anti-Universal Coverage Club." That's the last we'll hear from him about the "uninsurables"—mostly

very sick people with expensive medical conditions, who certainly cannot afford to pay for the care they need out-of-pocket—because those of us who think that sick people ought to have access to medical care are "lefties and rent-seeking weasels." But Cannon needn't worry: while millions of Americans are still without adequate health coverage, and medical expenses are a leading contributor to personal bankruptcy, they're not feeling the squeeze at Cato, which declared assets of well over \$22 million last year.

American Enterprise Institute

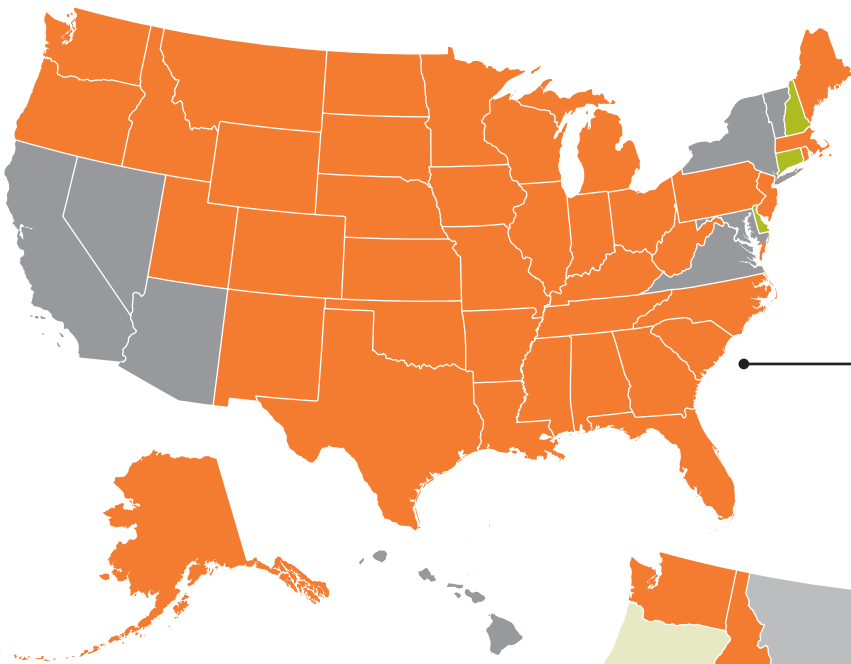
Observers from across the political spectrum have noted that a college education is out of reach for the majority of Americans. Most people have the soaring cost of tuition in mind when they say this. But Charles Murray, author of *The Bell Curve* and now a fellow at the American Enterprise Institute (2006 net assets: \$69 million), is

talking about IQ. While experts on human intelligence are still debating the worth of IQ tests, with some arguing that the tests only measure the ability to take the test itself, Murray is eager to stake the educational future of America on it. To his mind, IQ tests prove that most Americans are too stupid for college. "It makes sense for only about 15 percent of the population—25 percent, if one stretches it—to get a college education. And yet more than 45 percent of recent high school graduates enroll in four-year colleges... Government policy contributes to the problem by making college scholarships and loans too easy to get." You heard it from American Enterprise first, Ladies and Gentlemen: too many Americans are getting a college degree. Let's get to work cutting those lousy scholarships.

Charles Murray of the American Enterprise Institute believes "... Government policy contributes to the problem by making college scholarships and loans too easy to get."



States of the Union:



Projected Foreclosure Rates for 2006 Subprime Loans

Source: The Center for Responsible Lending

- 11%–15%
- 16%–20%
- 21%–24%

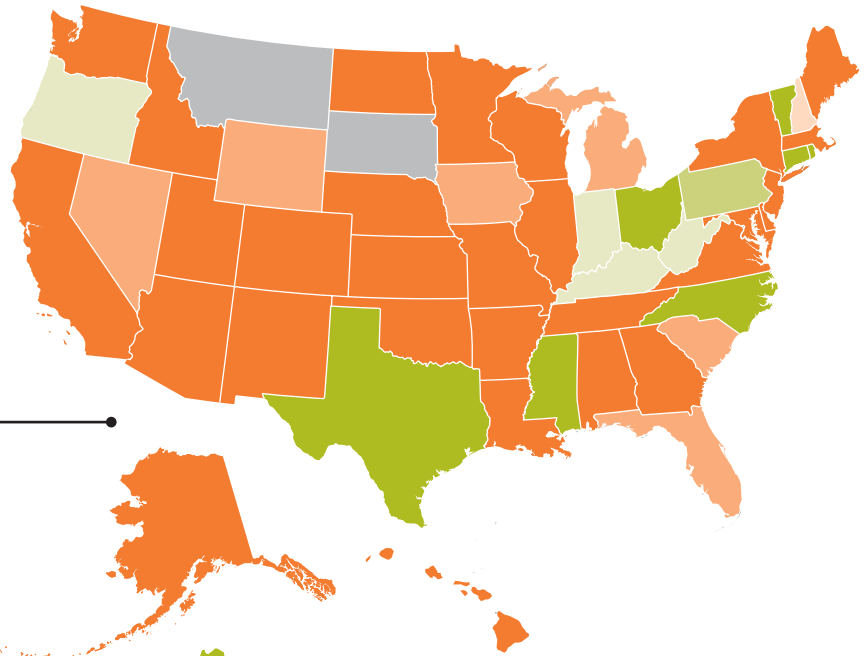
Scheduled and Proposed Dates for 2008 Presidential Primaries and Caucuses

Source: Stateline.org

- January
- February
- March
- April
- May
- June

When party primaries are on different days the earliest date is indicated.

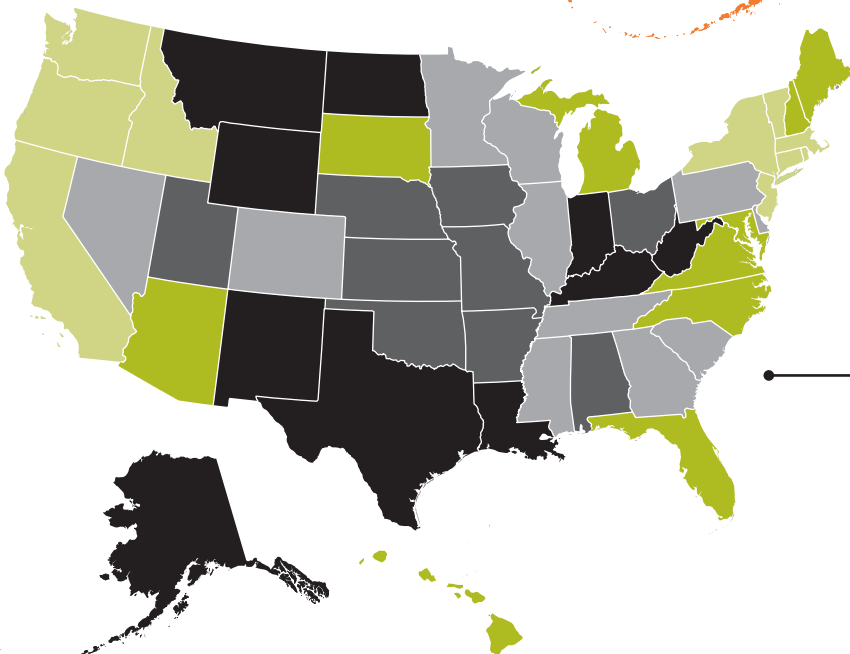
(As of 11/27/07)



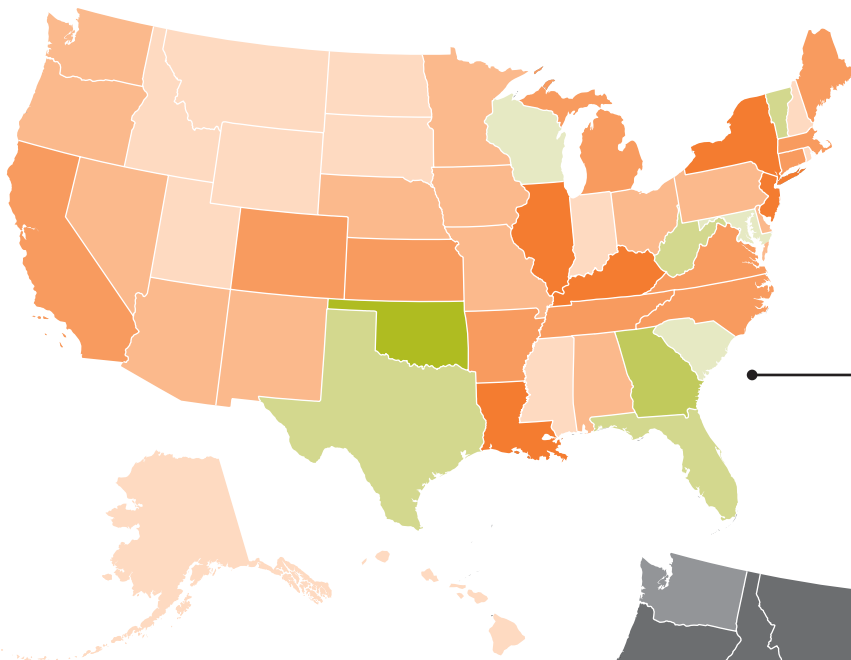
The Greenest U.S. States By Per Capita Carbon Emissions (2003)

Source: eRedux.com

- Worst
- Not Good
- Average
- Better
- Best

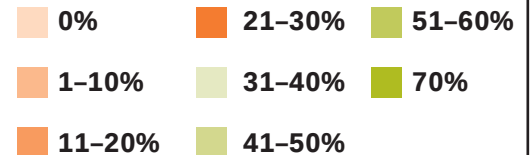


Six Snapshots of America



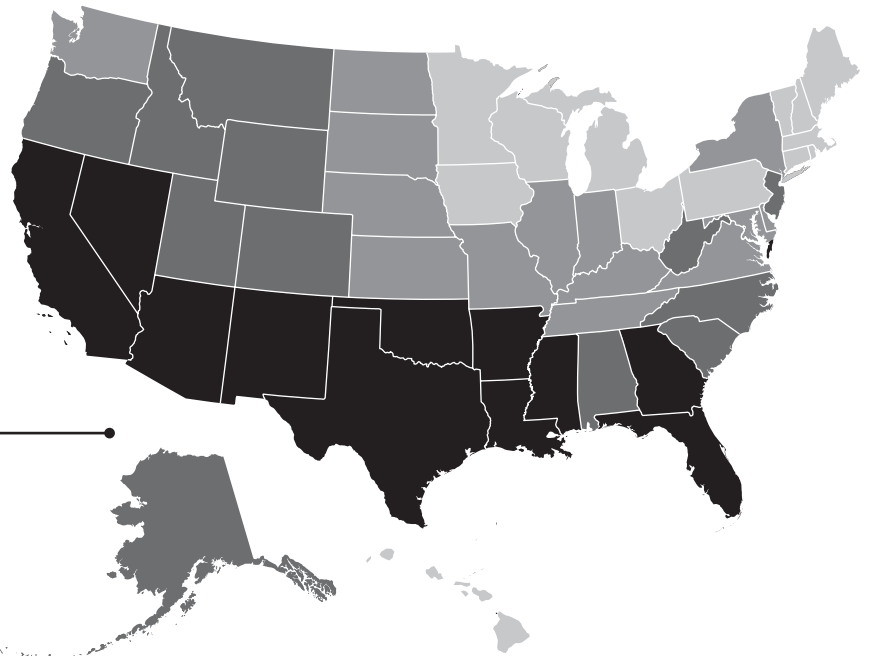
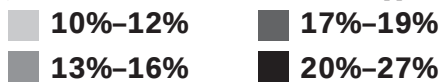
Percentage of Four-Year-Olds Served by State-Supported Preschool (2006)

Source: National Institute for Early Education Research



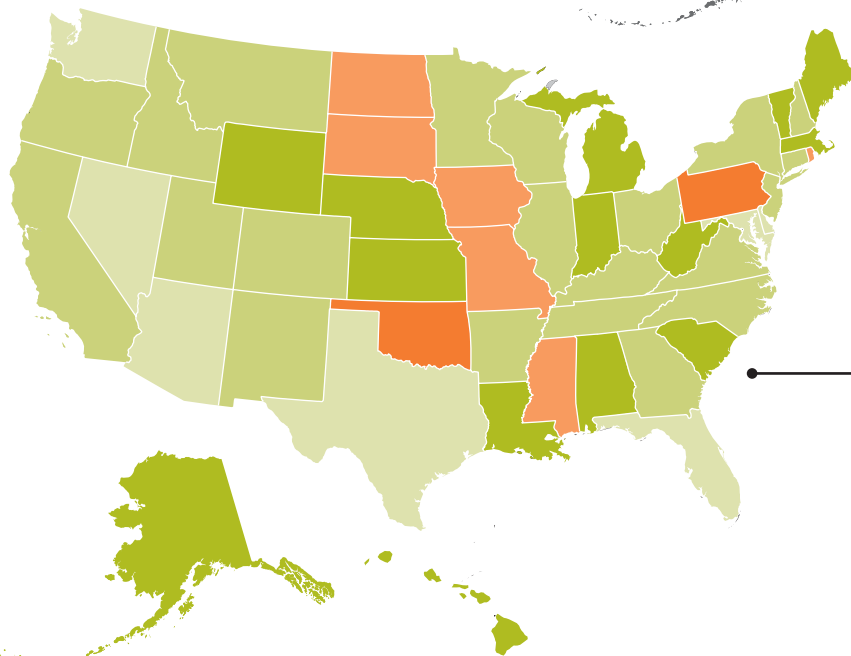
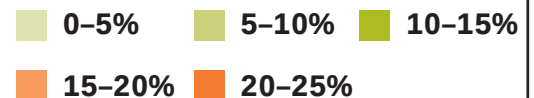
Percentage of Residents under 65 without Health Insurance (2005-2006)

Source: The Kaiser Family Foundation, statehealthfacts.org. Data from: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey (CPS: Annual Social and Economic Supplements).



Percentage of Bridges Found Structurally Deficient

Source: Federal Highway Administration



DMI'S 2007 IN REVIEW:

- ★ Launched **www.TheMiddleClass.org**, a first-of-its kind dynamic website that allows Americans to learn about legislation impacting them and to hold Congress accountable for their votes.
- ★ Trained our first class of **DMI Scholars**, a program we launched to create a pipeline to guide talented young people from diverse communities into the field of public policy.
- ★ Released an updated edition of “**Principles for an Immigration Policy to Strengthen and Expand the American Middle Class**,” along with a toolkit to take our message of shared economic interest to the grassroots.
- ★ Launched **MayorTV**, a non-partisan, online video project co-sponsored by The Nation featuring mayors from across the country and their thoughts on what the presidential candidates should be talking about when it comes to cities.
- ★ Surveyed **101 New York City leaders** on their thoughts on what it takes to be, and become, middle class in the Big Apple; organized gathering on findings with citywide leaders and 300 participants at Baruch College resulting in significant press coverage on NYC's middle-class squeeze.
- ★ Organized conversations as part of our **Marketplace of Ideas** series—the premier online archive of ideas that are progressive, practical and effective—on preventing predatory mortgage lending, clean elections, exonerating the innocent and preventing wrongful convictions, congestion pricing to reduce global warming, and building affordable housing by rehabilitating vacant buildings.
- ★ In partnership with the Long Island Immigrant Alliance, helped conceive and launch **Long Island Wins**, a new project uniting grassroots activists, local residents, and policymakers for important conversations on local immigration policy.
- ★ Released **DMI's 2008 Presidential Platform for Civil Justice**, offering the presidential candidates common-sense solutions to improve our civil justice system and strengthen Americans' access to the courts from the White House.

The Drum Major Institute for Public Policy is a non-partisan, non-profit think tank generating the ideas that fuel the progressive movement. From releasing nationally recognized studies of our increasingly fragile middle class to showcasing progressive policies that have worked to advance social and economic justice, DMI has been on the leading edge of the public policy debate. DMI is also noted for developing new and creative ways to bring its work to the advocates and opinion leaders that need it, from starting one of the first public policy weblogs to pioneering the use of Google Adwords to hold elected officials accountable for their votes on issues of importance to their constituents. For more information, please visit www.drummajorinstitute.org

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