Forum

"We don't want to upset anybody. We were a bit politically insensitive. We don't wish to make any race unhappy about it."

— Deborah Cheng, marketing manager of a Hong Kong fashion company that removed Nazi-themed clothing from its 14 stores after complaints from Israeli and German diplomats.

NICKEL-AND-DIMING OUR TROOPS

A FEW days ago I talked to a soldier just back from Iraq. He'd been in a relatively calm area; his main complaint was about food. Four months after the fall of Baghdad, his unit was still eating the dreaded M.R.E.'s: meals ready to eat. When Italian troops moved into the area, their food was "way more realistic" — and American troops were soon trading whatever they could for some of that Italian food.

Other stories are far worse. Letters published in *Stars and Stripes* and e-mail published on the Web site of Col. David Hackworth (a decorated veteran and Pentagon critic) describe shortages of water. One writer reported that in his unit, "each soldier is limited to two 1.5-liter bottles a day," and that inadequate water rations were leading to "heat casualties." An American soldier died of heat stroke on Saturday; are poor supply and living conditions one reason why U.S. troops in Iraq are suffering such a high rate of noncombat deaths?

PAUL KRUGMAN

The U.S. military has always had superb logistics. What happened? The answer is a mix of penny-pinching and privatization — which makes our soldiers' discomfort a symptom of something more general.

Hackworth blames "dilettantes in the Pentagon" who "thought they could run a war and an occupation on the cheap." But the cheapness isn't restricted to Iraq. In general, the "support our troops" crowd draws the line when that support might actually cost something.

The usually conservative *Army Times* has run blistering editorials on this subject. Its June 30 blast, titled "Nothing but Lip Service," begins: "In recent months, President Bush and the Republican-controlled Congress have missed no opportunity to heap richly deserved praise on the military. But talk is cheap — and getting cheaper by the day, judging from the nickel-and-dime treatment the troops are getting lately." The article goes on to detail a series of promises broken and benefits cut.

Military corner-cutting is part of a broader picture of penny-wise-pound-foolish government. When it comes to tax cuts or subsidies to powerful interest groups, money is no object. But elsewhere, including homeland security, small-government ideology reigns. The Bush administration has been unwilling

> **"[T]he cheapness isn't restricted to Iraq. In general, the 'support our troops' crowd draws the line when that support might actually cost something."**

to spend enough on any aspect of homeland security, whether it's providing firefighters and police officers with radios or protecting the nation's ports.

The decision to pull air marshals off some flights to save on hotel bills — reversed when the public heard about it — was simply a sound-bite-worthy example. (Air marshals have told *MSNBC.com* that a "witch hunt" is now under way at the Transportation Security Administration, and that those who reveal cost-cutting measures to the media are being threatened with the Patriot Act.)

There's also another element in the Iraq logistical snafu: privatization.

The U.S. military has shifted many tasks traditionally performed by soldiers into the hands of such private contractors as Kellogg Brown & Root, the Halliburton subsidiary. The Iraq war and its aftermath gave this privatized system its first major test in combat — and the system failed. According to the Newhouse News Service, "U.S. troops in Iraq suffered through months of unnecessarily poor living conditions because some civilian contractors hired by the Army for logistics support failed to show up."

Not surprisingly, civilian contractors — and their insurance companies — get spooked by war zones. *The Financial Times* reports that the dismal performance of contractors in Iraq has raised strong concerns about what would happen in a war against a serious opponent, like North Korea.

Military privatization, like military penny-pinching, is part of a pattern. Both for ideological reasons and, one suspects, because of the patronage involved, the people now running the country seem determined to have public services provided by private corporations, no matter what the circumstances.

For example, you may recall that in the weeks after 9/11 the Bush administration and its congressional allies fought tooth and nail to leave airport screening in the hands of private security companies, giving in only in the face of overwhelming public pressure. In Iraq,reports the Baltimore *Sun*, "the Bush administration continues to use American corporations to perform work that United Nations agencies and nonprofit aid groups can do more cheaply."

In short, the logistical mess in Iraq isn't an isolated case of poor planning and mismanagement: It's telling us what's wrong with our current philosophy of government.

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SIGNE WILKINSON IN THE PHILADELPHIA DAILY NEWS

EMPTY PROMISES FOR SMALL BUSINESSES

BY NYDIA M. VELÁZQUEZ

The writer is the ranking Democratic member of the U.S. House Committee on Small Business. In 1992, she was elected the first Puerto Rican member of Congress; she represents New York's 12th District, which encompasses parts of Brooklyn, Queens and the Lower East Side of Manhattan.

TYPICALLY, August is the month of escapism in this country, when many Americans take some much-needed time off from their busy schedules. But many hard-working families will not be so carefree this month, given the struggling state of the U.S. economy.

Nydia M. Velázquez

Since President Bush took office, more than 3.2 million private sector jobs have been lost. Last month, the unemployment rate hit a nine-year high, and there are approximately 9.1 million Americans out of work. The economy showed a slight gain in the second quarter, but as one expert put it, overall economic recovery has been "molasses-like."

President Bush will meet today with advisers at his Crawford ranch to discuss the overall economic situation facing our nation. There is such irony in this since, right in Bush's own backyard, McLennan County, which includes Waco and Crawford, the number of people unable to find work jumped from 4,000 in June 2000 to 6,000 in June 2003.

Yet the Bush crew will talk tax cuts, interest rates and monetary policy, disconnected from the reality facing millions of American workers and small business owners. In fact, what they really should be discussing at this summit is why their policies haven't done more to help the nation's economic driver — small businesses.

As the lifeblood of the American economy, small business is the one sector that can help get us back on track. Small businesses create 75 percent of all new jobs, make up 99 percent of all employers and are responsible for half of our GDP.

Bush and members of his administration certainly recognize the power of small business. Recently, Bush's economic team — Secretaries John Snow, Don Evans and Elaine Chao — visited parts of the Midwest to talk about the economy and tout the tax cut. If they had been listening, they would have learned that the tax incentives are providing little benefit to small business owners and working families in middle America.

Even the President — from the campaign trail to the White House — has sympathized with small business owners, relating to them by saying he used to be one. In March 2002, Bush showed his dedication to small businesses by unveiling an agenda aimed at helping them in an effort to jumpstart the economy.

But in the year and a half since Bush released his agenda, the progress made is more about rhetoric than real action. The President's tax cut — the centerpiece of his administration's economic strategy — is a perfect example of the empty promises made to small business. The fact is that the tax relief targeted to small businesses made up less than 3 percent of the final $350 billion package, and the two specific provisions aimed to help them the most will expire in 2004 and 2005.

In addition, the other items on the agenda — from health care to federal contracting — are far from being checked off. The President talked about breaking up large contracts so that small businesses can win them, but has taken no steps to make this happen. Health care remains the top concern for small businesses in this country, yet no legislative remedy has been passed into law to help them afford coverage.

We all know that when the President's party sets out to get something done, it happens. History has proven this. In 1994, former Speaker of the House Newt Gingrich introduced his Contract with America, setting the new legislative priorities for the Republican-controlled Congress. In the first 100 days of the new Congress, as promised, all provisions of the contract were brought to a vote on the House floor.

If small businesses were really the priority of this administration, the five items on the President's small business agenda would be completed by now. After all, it's been 500 days since the agenda was unveiled. And as Republicans have shown in their Contract with America, even without control of the White House, they have done a lot more in a lot less time.

It is about time Bush lived up to the promises he made to the small business community. It is about time that small businesses, which give back much more than they take, are treated fairly. It is about time the Bush administration is held accountable for failing to complete a single item on an agenda that now seems more like window dressing than a vehicle for change.

So when the President meets in Crawford today, he needs to face the American people and explain why his vision for the economy lacked any commitment to small business.

If the President and his economic advisers fail to replace the talk with initiative, the long, hot summer will give way to a cold, hard winter marked by rising unemployment, continued slow economic growth and no real rebound. And then the millions of Americans trying to get away in August will realize there is no break or relief coming their way anytime soon.

Special to The Courier-Journal

FCC: ANOTHER THREAT TO PUBLIC AIRWAVES

BY NORMAN ORNSTEIN AND MICHAEL CALABRESE

Ornstein is a resident scholar at the American Enterprise Institute. Calabrese directs the Spectrum Policy Program at the New America Foundation.

WE'RE NO fans of the attempt by the Federal Communications Commission to relax ownership requirements for TV stations and newspapers, but it would be a shame if that battle distracted attention from another harmful move being contemplated by the commission.

We're talking about privatizing the airwaves, a public resource worth hundreds of billions of dollars in both market value and future federal revenue. The contemplated FCC action could result in the biggest special interest windfall in history, at the expense of American taxpayers.

The rapid trend toward wireless communication has made access to the prime frequencies that pass easily through walls, trees and weather an increasingly valuable right. A recent study estimated the market value of this spectrum at $770 billion. These airwaves are owned by the public. For more than 75 years, broadcasters, cellular phone companies and other commercial service providers have acquired exclusive access to scarce spectrum space only under temporary, renewable licenses; in return, they serve the public interest.

But if the FCC has its way, that social contract will be voided. In recent months, through a series of rule changes, the FCC has begun to implement a radical shift in the nation's spectrum allocation policy. Recently it adopted rules allowing licensees — whether or not they paid the public for their license — to sell or rent unused capacity to other firms.

It also proposed to let universities and other holders of free licenses sell their spectrum to private firms, thus encouraging these hard-pressed, nonprofit institutions to abandon their educational use of the airwaves in return for a quick buck on the new private spectrum markets.

The blueprint for this privatization is a pair of FCC staff reports released last November. In essence, the FCC's Spectrum Policy Task Force proposes that incumbent licensees be granted permanent, private-property-like rights in the frequencies they currently borrow. The task force proposes that future licenses grant firms "maximum possible autonomy" to decide what services to offer, what technical standards to adopt or whether instead to sell or sublease their frequency assignments to other firms. Future access to the airwaves would be a commodity traded on secondary markets and free of virtually all public interest obligations.

This isn't all bad. The FCC's outdated command-and-control approach —

> **"The contemplated FCC action could result in the biggest special interest windfall in history."**

based on rigidly zoning the airwaves by service and assigning exclusive licenses at zero cost — has exacerbated the scarcity of wireless bandwidth, stifling competition, slowing innovation and restricting citizen access to the airwaves. The problem is not the task force's goals but the means of achieving them.

The commission's senior economists have added a proposal that these new and valuable rights to sell and sublease frequencies be given away free to incumbent licensees. The proposal is dressed up as an "auction," but it is one in which any incumbent opting to sell its license would be entitled to keep 100 percent of the revenue — money that under current law would flow into the public treasury. The logic is that broadcasters and other spectrum incumbents have so much political clout that the only practical way to reduce scarcity is to bribe them to bring their spectrum to market.

But this approach confers a massive and undeserved financial windfall — up to $500 billion — on a few lucky industries. And freezing the old zoning system into permanent private property rights would forestall emerging "smart" radio technologies that can dynamically share today's underutilized spectrum space.

Today the fastest-growing demand for telecommunications involves inexpensive WiFi — "wireless fidelity." College campuses and "hot spots" in airports and Starbucks offer this cheap and mobile Internet access by creating a wireless local area network on a small band of "unlicensed" frequencies shared with cordless phones, microwave ovens and baby monitors. Privatizing frequencies would turn this sharing into "trespassing," allowing licensees to demand payment for access to their airwaves.

Market-based spectrum reform can be achieved without a massive giveaway. The flexible new licenses proposed by the FCC task force could be rented for fixed terms.

This would put all companies on a level playing field, permit property-like rights for limited periods, protect capital investment by incumbents and internalize incentives to use spectrum efficiently.

The good news is that the FCC cannot transfer a wireless windfall to special interests without additional authorization from Congress. Both the administration and some influential members of Congress have expressed support for spectrum user fees.

The bad news is that Congress isn't exactly trustworthy when it comes to protecting the public interest from broadcasters and other powerful license holders.

The champions of the public, led by Sen. John McCain, have their work cut out for them.

Special to The Washington Post

THE SOURCES OF DAVIS' PROBLEMS

BY CHARLES E. COOK JR.

The writer is the editor of the nonpartisan *Cook Political Report*, which is based in Washington; he writes a column for the *National Journal*.

WASHINGTON — A.J. Liebling once wrote that Louisiana, my home state, was the "northernmost of the banana republics." But this year, California has certainly earned that title, with a full-fledged revolution under way and a ballot of nearly 200 replacements that more closely resembles the bar scene from "Star Wars" than a field of candidates for political office.

The nation's economic downturn — which has turned the federal budget from a surplus of $237 billion to a deficit of $455 billion today — has resulted in dramatic decreases in federal, state and local tax revenues. Rising health-care costs, meanwhile, and increased demands on social spending — also caused by the economic downturn — have pummeled governments on every level. Prior to the recently passed budget, California could have laid off every employee from the governor to the last custodian for three full years and still have had a general-fund shortfall.

But at least 45 states — and some say every state but New Mexico and Wyoming — are facing fiscal crises of one level or another. So why has fiscal crisis become a political crisis only in California, and what responsibility does Gov. Gray Davis have?

It is very difficult to feel much sympathy for Davis. Over his 28-year career in politics, he has earned a reputation for naked ambition and ruthlessness in fund raising that leave veteran politicians with a mixture of awe and discomfort. He has allies but few friends, and even his allies back him with something short of affection and dedication, more out of obligation or perhaps fear.

Having said all that, the question remains: How much of California's woes can objectively be attributed to Davis' actions or inaction?

No doubt part of California's fiscal problems date back to significant increases in state spending during the high-tech boom, when taxes paid by Silicon Valley millionaires and billionaires and their upstart companies poured into state and local government treasuries, far more than anywhere else. Budget decisions based on those revenues allowed increases in government spending, but when the high-tech bubble burst, the spending was unsustainable.

Should Davis have anticipated the bust? Could he have done something about it?

Though many speculated about the possibility of the high-tech collapse, few actually saw it coming, and what politician would have decreased spending in anticipation of a downturn that had not yet happened?

Finally, there is the initiative process. Almost 44 percent of California's general-fund budget are expenditures mandated by voter-passed initiatives, not passed by the state legislature or signed by any governor.

No other state has this. Although many of these programs, like increased spending on education and better health care for poor children, are laudable, these decisions were made by voters, not by Davis or any other elected politician.

Similarly, few other states have hamstrung state and local governments from raising taxes to pay for added spending as California has.

Whether it is the tax-cutting Proposition 13 or the less-famous Proposition 218, which further restricted local revenue-raising, California voters made such decisions, not Davis or other officeholders.

In short, because of the initiative process, Californians have taken power away from their elected officials and put it into their own hands, and now they don't seem to like the results.

Add to this California's extraordinary constitutional requirement of a two-thirds vote in the legislature to raise taxes, which further undermines the entire process.

And although the answer to the state's electric-energy crisis — a result of an ill-conceived electric deregulation plan passed by the legislature before Davis took office as governor and signed by his predecessor — was funded by bonds and not the state's general fund, it still was a body blow to the state's economy.

Davis can properly be blamed for reacting slowly to the crisis, but the crisis was effectively created by others and not on his watch.

With these explanations, then why isn't Davis in better shape politically?

In part it is his personality. Even fellow Democrats have long seen him as arrogant and highhanded, out for himself more than the party or his allies. So it's only natural that when Davis gets into a jam, Democrats rally to him only out of obligation, not out of affection or deep-seated commitment.

And by California standards anyway, Davis has governed more as a moderate and a pragmatist than as an ideologue. Whether this is by design or, as his critics have suggested, out of lack of principle can be debated. But by not being either a conservative Republican or a liberal Democrat, he has little base to fall back on.

None of this is to suggest for a moment that Davis is blameless. But to hear much of what is being said in California, one gets the impression that Davis has single-handedly driven the state to ruin and that decisions by voters, state legislators and even previous governors played no role, nor has the national economic downturn or the high-tech failure.

Davis' days may well be numbered, but his unlucky successor is likely to find the same obstacles to governing that Davis faces, and only a national and state economy roaring back to life, almost immediately, will help.

Special to the Los Angeles Times

SMALL-MINDED SHOPPERS

An editorial that appeared in Monday's *Los Angeles Times*:

The U.S. apparel industry is in the midst of a new project to standardize clothing sizes, its aim to make trousers and shirts and dresses fit the proportions of real Americans.

Using three-dimensional scanners, the "SizeUSA" census is measuring 10,000 shoppers of six different age groups and the four most populous ethnic groups. And when it's all done, the census takers explain, more size-12 clothes will fit size-12 people, more 32-waist slacks will fit 32 waists, and all the customers will know their real sizes.

This assumes they really want to know.

A more predictable fit would help consumers who order via mail or Internet, but when it comes to fashion, imagination (the ability to think two sizes smaller) would seem at least as important as reality.

There goes the venerable practice of trying on a range of different-label slacks in the hope of finding a smart manufacturer who lets us pretend to be of trimmer girth.

The industry group conducting the census, Textile/Clothing Technology Corp., says this is the first comprehensive measurement of Americans.

Previous studies sized up military personnel for the government, with an eye to designing uniforms. That could explain a lot about American fashion.

Other sponsors are Target, Liz Claiborne, Levi Strauss and Sara Lee, which gets a double whammy out of participating. It can use the results first to find out exactly how its pound cake has changed the shape of America and then to learn how better to cover that shape with its Hanes underwear label.

The census doesn't obligate clothing manufacturers to adhere to its size findings. Liz Claiborne, for one, tells Textile/Clothing Technology that although it will use information about proportions to provide a better fit, it sees its sizing practices as a "competitive advantage." That is, you pay more to feel skinnier. Sounds like a bargain.

DOONESBURY / GARRY TRUDEAU