

House Energy & Commerce Committee

Joe Barton
Ranking Member

Republicans



DAILY NEWS SUMMARY **Friday, January 16, 2009**

Joe Barton

JANUARY 15, 2009, 11:17 A.M. ET

Stimulus Bill Adds \$650M For DTV Coupons; \$6B For Internet

By Fawn Johnson
Of DOW JONES NEWSWIRES

WASHINGTON (Dow Jones)--An economic stimulus bill that is expected to pass Congress next month includes \$650 million for the Commerce Department to distribute \$40 coupons that offset the cost of digital TV converter boxes.

The bill also includes \$6 billion to promote deployment of high-speed Internet access in unserved and underserved areas, considerably less than the \$44 billion requested by Internet advocates.

TV stations are to stop broadcasting in analog format on Feb. 17, which would mean that people who rely on over-the-air TV broadcasting won't see their programs unless they buy a digital television or converter box, or subscribe to a cable or satellite TV service.

President-elect Barack Obama's transition team and some Democrats have proposed that Congress delay the Feb. 17 date. Several Republicans oppose putting off the transition.

Lawmakers, Obama officials, and consumer advocates were in an uproar earlier this month when the Commerce Department announced that it needed to create a waiting list for people applying for the coupons.

If the extra money for the converter box coupon program remains part of the broad stimulus package, lawmakers almost certainly will have to delay the digital TV shift because people won't receive their coupons until after Feb. 17.

The stimulus bill's additional money for converter box coupons is more than the \$250 million the Commerce Department under President George W. Bush said it would support.

In a letter sent Wednesday to [House Energy and Commerce ranking Republican Joe Barton of Texas](#), outgoing Commerce Secretary Carlos Gutierrez said the current administration supports legislation that would allow the agency to immediately begin distributing coupons. With an additional \$250 million, the department could issue 6 million coupons in the near term and another 3.5 million as the program expires, the letter said.

Gutierrez also said the Feb. 17 digital TV shift shouldn't be delayed.

-By Fawn Johnson, Dow Jones Newswires; 202-862-9263; fawn.johnson@dowjones.com



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Gutierrez Urges Congress to Free Up DTV Coupons

Commerce secretary says backlog of coupon requests--and future requests--can be handled without changing DTV date

By John Eggerton -- Broadcasting & Cable, 1/15/2009 2:31:00 PM

Secretary of Commerce Carlos Gutierrez says almost all the households who have yet to apply for a DTV-to-analog converter box coupon can be accommodated—and the Feb. 17, 2009, DTV transition date preserved—if Congress moves swiftly to free up more coupons to send to the households that have applied for them but remain on a waiting list.

That came in a letter to Senator Jay Rockefeller (D-W.Va.) and Rep. [Henry Waxman](#) (D-Calif.), chairs of the Senate and House Commerce Committees, respectively, in which Gutierrez said a timely transition was crucial to the economy and public safety.

Responding to that letter, ranking House Energy & Commerce member [Joe Barton](#) (R-Tex.), who also received a copy, suggested he had crunched the Nielsen numbers and that if the coupons already requested were freed up, that would leave only 200,000 over-the-air households who had not applied.

"The [Gutierrez] letter says that according to Nielsen, in January 2008, there were 14.3 million over-the-air households," said a release sent from Barton's office Thursday. "As of Jan. 13, 2009, more than 13.5 million households who certified themselves as over-the-air reliant had received coupons, meaning approximately 800,000 over-the-air households do not yet have coupons. However, data released in the letter show that of the 1.2 million households on the coupon waiting list, approximately half are over-the-air reliant, leaving roughly 200,000 over-the-air households who have yet to apply for a converter box coupon."

Gutierrez was not asking for extra money for the program, which has been Commerce's consistent stand. He instead asked them to fix an accounting issue that does not allow Commerce's National Telecommunications & Information Administration (NTIA), which has reached its \$1.34 billion funding cap on the coupons subsidy program, to send out more coupons until ones already sent have expired and their value--\$40 apiece--recovered.

Sources have told *B&C* that the accounting fix option is already off the table because there is not enough time to get the 2.1 million coupons off the waiting list and into the hands of viewers. Instead, the House and Senate Commerce Committees are working on bills to both raise the funding level and move the date.

Gutierrez's letter, postmarked yesterday, is apparently an effort to convince Congressional Democrats not to give up on that accounting fix, first proposed legislatively in a bill last week by Rep. [Ed Markey](#) (D-Mass.). That bill has since been scrapped for the date move/funding increase approach, according to sources

NTIA has all along said it thought there was enough money in the program but began warning back in November that the accounting stipulations related to the funding cap could slow or stop the distribution of coupons in January.

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THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Cost of TV coupons stirring debate

The Boston Globe

Administration, Congress differ on switch to digital

By Hiawatha Bray, Globe Staff | January 16, 2009

In a bid to keep the transition to digital television on track, Congress wants to spend an additional \$650 million to help consumers cover the cost of making the switch. The outgoing Bush administration's commerce secretary says only \$250 million more is needed, however.

The US Department of Commerce's National Telecommunications and Information Administration is distributing \$40 coupons to millions of consumers, intended to help defray the cost of converter boxes that allow older, analog TV sets receive digital signals.

After Feb. 17, major TV stations are supposed to move all programming to digital channels, rendering analog sets useless - unless they are connected to a cable or satellite TV system. But a surge in applications has dried up the \$1.34 billion budgeted for the coupon program. As of Wednesday, 1.2 million households were on a waiting list, and they might not receive coupons before the February deadline.

An NTIA spokesman, Bart Forbes, said the agency had issued 44.6 million coupons to 26 million households as of Wednesday, but only 19.8 million had been redeemed.

Forbes said that about 47 percent of coupons are never used. These expire, and the money becomes available for new coupons. So, he said, the program should have enough money to provide a coupon to every consumer who needs one, once expirations are taken into account. But the agency can't issue new coupons until the unused ones expire. More than 300,000 coupons expire each week.

President-elect Barack Obama and some key congressional Democrats favor pushing back the deadline to give consumers more time to get converter boxes. Yesterday, Senator Jay Rockefeller, Democrat of West Virginia and the next chairman of the Commerce Committee, introduced legislation that would delay the switch to June 12. Already Congress, which Democrats control, has passed legislation that will allow some broadcasters to continue analog transmissions for an additional 30 days, although they would only be allowed to transmit emergency information and instructions on receiving digital signals.

But in a letter to Representative [Joe Barton](#) of Texas, the ranking Republican on the House Committee on Education and Commerce, Commerce Secretary Carlos Gutierrez said further delaying the digital changeover "would cause confusion and would undermine the public outreach that has resulted in near-universal awareness" of the Feb. 17 deadline.

Instead, Gutierrez called on Congress to allot an additional \$250 million - an amount roughly equal to the value of unused coupons set to expire by March 31. That would allow the NTIA to quickly issue more coupons, then recoup the funds after the older coupons expire.

Congress, though, wants a much bigger increase in the program's budget. The \$825 billion economic stimulus package unveiled yesterday includes \$650 million for the coupon program.

Hiawatha Bray can be reached at bray@globe.com. ■



Timing of DTV delay raises tension between Verizon, AT&T

[Jeffrey Silva](#)

Story posted: January 15, 2009 - 1:09 pm ET

Congressional Republican and industry opposition are mounting over President-elect Barack Obama's call to delay next-month's digital television transition, with the nation's two largest telecom carriers divided over how Congress should proceed.

"[The transition] is freeing broadcast spectrum for firefighters, police officers and other life-savers and also providing them with \$1 billion to equip themselves with the state-of-the-art communications gear that was so tragically lacking on 9/11," stated ranking [House Commerce Committee Joe Barton](#) (R-Texas) and 14 other members of the panel in a letter to Obama. "The transition plan is freeing additional spectrum for advanced wireless broadband services and has raised almost \$20 billion in spectrum auction proceeds for taxpayers."

The lawmakers added that "none of this would have happened without the certainty of a deadline. No one said this was going to be easy, but we have unquestionably made the right decision to complete the digital television transition on Feb. 17, 2009. We believe that panicky talk of a delay is breeding stultifying uncertainty, and that an actual delay would be a monumental error in judgment that would damage the program and the public."

[Public-safety groups](#) want 700 MHz spectrum assigned to first responders to be excluded from a DTV transition delay.

House Commerce Committee Republicans said the Obama transition team is overreacting and exaggerating challenges to a DTV transition that they claim is largely on track, disagreeing with the notion that the coupon program for digital-to-analog converter boxes has run out of money. The lawmakers said they are working on bipartisan bill to make minor technical changes to ensure the rest of the 10 million over-the-air TV households get vouchers to subsidize the cost of converter boxes.

"A change in the date could engender skepticism, confusion and distrust the next time government asks them to undertake specific actions in anticipation of a major event," stated the Consumer Electronics Association.

The National Association of Broadcasters — whose members would feel the DTV transition delay most directly and immediately — issued a statement on the Obama request to delay the DTV switch-over date without saying whether it supports or opposes the proposal.

VZW dead set against any delay

In contrast, Verizon Communications Inc. and AT&T Inc. — parent companies of the No. 1 and No. 2 wireless providers — were frank and candid in communicating their views to leading lawmakers. The two carriers accounted for the lion’s share of the nearly \$20 billion of licenses captured in the [700 MHz auction](#) last year. The 700 MHz spectrum set to be surrendered by broadcasters at midnight Feb. 17 comprise the airwaves wireless carriers purchased rights to in last year’s auction.

Verizon is dead set against a delay, while AT&T Mobility is willing to deal with the incoming Obama administration and Democratic-controlled Congress on postponing the DTV transition for up to 90 days. This is not a surprise; Verizon Wireless is banking on the 700 MHz spectrum it won during the auction to support its planned Long Term Evolution rollout that the carrier hopes to begin [later this year](#), while AT&T Mobility is set to ride its current spectrum holdings to further [update its HSPA network](#) and not delve into its 700 MHz spectrum winnings to rollout LTE until at least 2012.

“Delaying the DTV transition will delay our ability to upgrade those frequencies to 4G broadband for American consumers and have a negative impact on our nation’s international competitiveness,” Verizon told House and Senate lawmakers.

AT&T, noting the complexities involved in the migration to DTV as well as the mix of stakeholders implicated and the public-interest issues at stake, said it would agree to a brief extension “if Congress and the administration conclude that a short delay in implementation of the DTV transition is necessary.”

The AT&T position could undermine concerns raised last week by [cellular industry association CTIA](#) over a DTV transition delay.

The outcome of the debate over a delay is far from certain. The two chambers in Congress are approaching the DTV transition dilemma in markedly different fashions. The Senate Commerce Committee is said to be scrambling to write legislation permitting the kind of limited DTV transition extension suggested by AT&T. In the House, Barton and other lawmakers are working on a measure that would effectively keep the Feb. 17 cut-over date intact.

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Waxman promises quick action on climate

By H. JOSEF HEBERT – 56 minutes ago

WASHINGTON (AP) — The chairman of a key House committee said Thursday he will move "quickly and decisively" to push legislation curbing greenhouse gases with a goal of passing climate legislation out of his committee before Memorial Day.

Rep. [Henry Waxman](#), D-Calif., opening the new Congress' first hearing on the threats from global warming, said inaction on the climate issue is causing uncertainties that make it more difficult to emerge from the recession.

"Our environment and our economy depend on congressional action to confront the threat of climate change and secure our energy independence," said Waxman. "U.S. industries want to invest in a clean energy future, but uncertainties about whether, when and how greenhouse gas emissions will be reduced is deterring these vital investments."

House Speaker Nancy Pelosi, D-Calif., another strong proponent of moving climate legislation, has given no indication how quickly House action might come.

But given the broad impact that regulating greenhouse gases, especially carbon dioxide from the burning of fossil fuels, would have, it is widely viewed that any legislation will require substantial bipartisan support, especially in the Senate.

To dramatize the business community's growing consensus that the climate issue must be confronted, Waxman invited to the first hearing 14 corporate executives and environmental leaders who have pressed for an 80 percent reduction in greenhouse gases by 2050.

The 14 executives and environmentalists sat shoulder to shoulder across at a witness table spanning two-thirds of the Energy and Commerce Committee hearing room.

Dealing with climate change "will not be cheap and not be easy," warned James Rogers, chairman of Duke Energy Corp. But he said coupling a short term stimulus package with a long-term climate plan, "we have the ability to stimulate greater confidence ... (and) put the recession in the rear view mirror."

Earlier this year, the 31-member United States Climate Action Partnership, outlined its blueprint for limiting greenhouse gases, calling for an 80 percent emission reduction by mid-century with half of that coming by 2030. It calls for a ramp up of 20 percent reduction as within a dozen years. Carbon dioxide emissions have been increasing about 1 percent a year since 1990.

The group endorsed a cap-and-trade system where greenhouse gas emissions would be limited, but pollution allowances would be provided by the government, especially for carbon intensive industries such as utilities with coal burning power plants. And it would provide incentives for coal plants that capture carbon dioxide.

The business group's plan does not go as far as what President-elect Barack Obama has proposed, nor one that Waxman has floated. Obama has called for an 80 percent reduction in emissions by 2050 from 1990 levels, meaning greater reductions would have to be made.

Obama also has opposed giving industry free emission allowances, saying that 100 percent should be auction and the proceeds used to promote clean energy, energy efficiency and carbon capture from power plants. The coalitions plan would phase in auctions.

But the proposal outlined by the business and environmental leaders is expected to be a starting point.

"This is the model to solve the problem," Rep. Jane Harmon, D-Calif., told the group.

Rep. Edward Markey, D-Mass., who chairs the subcommittee that will write the initial legislation and chairs a separate committee on climate, said a consensus for mandatory emissions reductions is clear.

"Now the hard task of enacting global warming legislation is before us," said Markey.

That point was demonstrated by Texas Rep. [Joe Barton](#), the committee's top Republican, who said the cap-and-trade plan threatens jobs. And he recounted how each of the companies represented by the witnesses had recently suffered dramatic declines in the

value of their stock.

"You cannot tell me if we adopt mandatory cap-and-trade it's going to help your stock prices," said Barton.

Among the executives were the chairmen of ConocoPhillips, General Electric, DuPont and electric utilities Exelon, NRG Energy Inc. and Duke Energy. Environmental groups included Environmental Defense Fund, Natural Resources Defense Council, Nature Conservancy and World Resources Institute.

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1. CLIMATE: Waxman sets Memorial Day deadline to move emissions, energy bill (01/15/2009)

Darren Samuelsohn, E&E senior reporter

House Energy and Commerce Chairman [Henry Waxman](#) vowed today to get comprehensive climate and energy legislation out of his committee before Memorial Day in a bid to give President-elect Barack Obama a major environmental achievement in his first term.

"That is an ambitious agenda, but it is an achievable one," the California Democrat said. "We cannot afford another year of delay."

Waxman revealed his committee markup schedule during his first hearing since taking over in November as chairman of the powerful panel. The 18-term congressman did not provide details on the climate bill, but he signaled that there are a number of recommendations available to draw from -- including that from the U.S. Climate Action Partnership, or U.S. CAP, a coalition of companies and environmental groups, which rolled out several principles for a cap-and-trade bill today (*see related story*).

"A consensus is developing that our nation needs climate legislation," Waxman said. "Our job is to transform this consensus into effective legislation. The legislation must be based on the science and meet the very serious threats we face."

Rep. [Ed Markey](#) (D-Mass.), chairman of the House Energy and Environment Subcommittee, will play a lead role in writing the climate legislation. Markey said he would build off a cap-and-trade bill he authored last spring, as well as the U.S. CAP suggestions and a draft measure released last fall by Democratic Reps. [John Dingell](#) of Michigan and [Rick Boucher](#) of Virginia.

"I am committed to moving a bill as quickly as possible, because the urgency of the problem demands swift action," Markey said.

Waxman and Markey will not have an easy time. They will need to convince dozens of House Democrats who represent districts with large industrial bases, as well as Republicans who still question climate change science and also have problems with the economic implications of global warming legislation.

"I think it's good for chairmen to have goals, and that's a worthy goal," Rep. [Joe Barton](#) (R-Texas), the ranking member of the Energy and Commerce Committee, said of the Memorial Day target.

But Barton underscored the political battle ahead by reading aloud the declining stock prices of several U.S. CAP members as their company leaders sat before him at the committee witness table.

"There's not one CEO here today whose stock price is even close to what it was a year ago," Barton said. "We're in a very serious economic recession, and you cannot tell me that if we adopt one of their principles of a mandatory cap-and-trade program on CO2 emissions for our economy that it's going to help their stock prices."

U.S. CAP officials responded that movement on global warming legislation would help stimulate the economy while staving off the negative consequences from climate change. The coalition's proposal represents a far more detailed set of recommendations for cap-and-trade legislation compared with its initial plan unveiled two years ago, including a 2030 target to curb emissions 58 percent below 2005 levels and calls for the construction of new coal plants capable of capturing and sequestering their greenhouse gases.

Members testifying at the hearing included some of the biggest energy companies in the world -- mining giant Rio Tinto, Duke Energy Corp., and General Electric Co. Environmentalists from the Natural Resources Defense Council and Environmental Defense Fund also are members of U.S. CAP, while the National Wildlife Federation plans to drop out next week to pursue a separate lobbying effort.

Republicans challenge U.S. CAP

Signaling the battle ahead, Republicans challenged several issues associated with the U.S. CAP coalition.

Barton sent a letter to Treasury Secretary Henry Paulson raising questions about insurance giant AIG's role in lobbying the government in favor of climate legislation through U.S. CAP when it is also on the receiving end of federal bailout funding.

"My concern relates to AIG's continued association with implicit and explicit lobbying activity and whether this relationship is

appropriate under existing statutes and agreements, or as a matter of public policy," Barton wrote.

Other Republicans spoke up with complaints that the U.S. CAP representatives were not in attendance during the opening statements at the beginning of today's hearing.

"A terrible start to hopefully a better year," said Rep. John Shimkus (R-Ill.). "I understand they're doing a press conference, so it's more important for them to attend a press conference versus hearing the concerns of over 650,000 of my constituents."

Waxman defended the committee's protocol. "The purpose of a hearing is to hear what the witnesses have to say, not to tell them what we have to say," Waxman said.

The chairman then explained that the chief executives would testify for two hours before going to meetings with Obama's transition team. U.S. CAP representatives would then remain to answer questions.

But Shimkus said he was not satisfied. "With all due respect, I don't want to talk to the designee, I want to talk to the CEOs," he said.

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the corner

Thursday, January 15, 2009

Bailing Out the Greenies [Iain Murray]

[Very good question](#) to Hank Paulson from Rep. **Joe Barton** (R., Texas), Ranking Member of the **House Energy & Commerce Committee**, in relation to today's hearing on the baptists and bootleggers of the global warming alarmist movement (otherwise known as the US Climate Action Partnership), who number AIG amongst them:

“Given the U.S. Treasury’s inherent responsibility to ensure the AIG bailout works out in the best interest of taxpayers, I write to inquire as to what the Department of the Treasury is doing to assess the implications of AIG’s political activities, particularly those designed specifically to influence emerging U.S. legislation that may have a substantial impact on taxpayer interests,” Barton wrote. “Funding for the effort is supplied by dues from the member companies and environmental groups. A portion of the dues is used for direct lobbying; USCAP has retained Lighthouse Consulting Group for this purpose, spending more than one millions dollars over the past two years.”

Spending bailout funds on lobbying Congress for an emissions cap-and-trade scheme, which will enrich those who do the trading (remember Lehman Bros and Enron's lobbying for it), is just as bad, perhaps worse, than spending them on bonuses.

[01/15 01:30 PM](#)

Coalition asks Congress to tackle greenhouse gases

By JENNIFER A. DLOUHY Copyright 2009 Houston Chronicle

Jan. 15, 2009, 10:38PM

WASHINGTON — Business and environmental leaders on Thursday asked Congress to enact a mandatory timeline for slowing and eventually reversing the growth of greenhouse gas emissions.

The blueprint advanced by a consortium called the U.S. Climate Action Partnership includes a mandatory cap-and-trade system, under which oil refineries, power plants and other industrial operations could stay within federal limits for greenhouse gas emissions by buying and selling allowances to release pollutants blamed for global warming.

Polluters would have to meet new limits for greenhouse gas emissions, which would be capped at 58 percent of 2005 levels by 2030 and 20 percent of 2005 levels by 2050.

The incoming Obama administration backs a cap-and-trade approach and Democratic leaders in Congress have promised to fast-track energy legislation. Corporate leaders who believe stepped-up greenhouse gas regulation is inevitable are eager to play a role in shaping it.

“Regulatory uncertainty is postponing investment,” said James Rogers, chief executive

of Duke Energy Corp., a major electricity distributor.

26 businesses

The coalition, which comprises five environmental groups and 26 businesses, outlined the proposal in testimony before the [House Energy and Commerce Committee](#). ConocoPhillips, BP America and Shell, which have U.S. headquarters in Houston, are the major oil companies involved in the consortium. Some other oil companies, including Irving-based Exxon Mobil Corp., favor a carbon tax over cap-and-trade.

Rep. [Henry Waxman](#), D-Calif., the Energy and Commerce Committee chairman, said the companies face a dilemma.

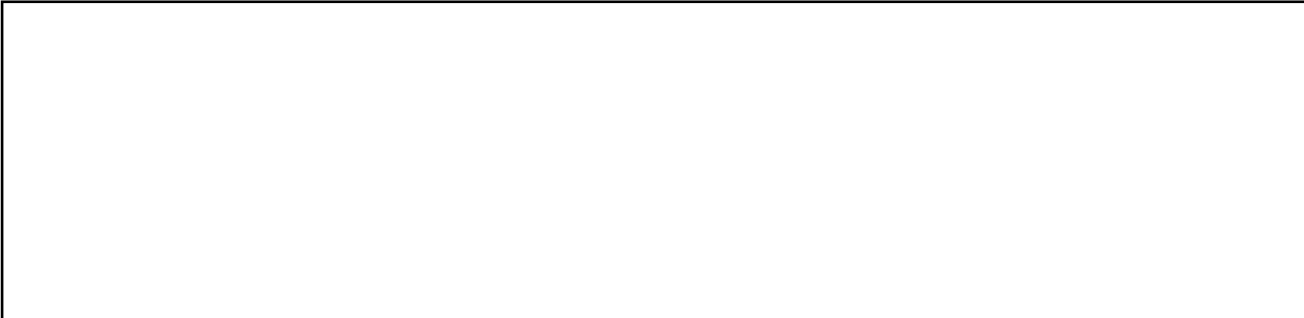
“They are reluctant to invest in old, polluting technologies because they know that tougher regulations are inevitable, but they can’t invest in new, cleaner technologies until they know what Congress is going to require,” Waxman said.

Under the cap-and-trade program envisioned by the consortium, a new Carbon Market Board would be tasked with setting annual limits on the amount of emissions allowances companies could use.

Higher costs seen

The plan drew criticism from conservatives, who said it would lead to slower economic growth and

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higher energy costs.

Rep. [Joe Barton](#), R-Ennis, predicted that any move to clamp down on emissions during a recession would lead to further economic declines.

And Houston Democratic Rep. Gene Green said he has concerns that the prices for emissions allowances would be too volatile under a cap-and-trade program.

Meanwhile, some environmentalists said the proposed greenhouse gas limits would be undermined by the USCAP's proposal for a "safety valve" that would kick in whenever the price for emission allowances spiked. Then, under the coalition's plan, the government could allow companies to use more offsets to meet the emissions limits.

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ENVIRONMENT**Waxman Plans to Move by May on Energy, Climate Legislation****By: Geof Koss**

CongressNow Staff

Jan 15, 2009 2:40 PM

[House Energy and Commerce Chairman Henry Waxman](#) (D-Calif.) today said that he plans to move comprehensive energy and climate change legislation by the Memorial Day recess.

Calling the goal "ambitious" yet "achievable," he said the committee will work simultaneously on energy independence and global warming. "We cannot afford another year of delay," he said at his committee's first hearing since he became chairman in December.

The hearing focused on a proposal unveiled earlier today by the U.S. Climate Action Partnership, a coalition of businesses and environmental groups, which calls for a cap-and-trade system to reduce global warming.

The organization supports an overall emission reduction goal of 80 percent below 2005 levels by 2050 — a less aggressive target than one favored by Waxman before he took over the Energy Committee. The plan also calls for initially allocating emission allowances to industry for free, which Waxman and President-elect Barack Obama have both opposed, as well as the "ample" use of offsets to lower the economic burden.

Rep. [Joe Barton](#) (R-Texas), the ranking member on the committee and cap-and-trade skeptic, questioned the economic wisdom of capping carbon emissions during a recession. Energy costs are expected to initially rise under cap-and-trade.

"There's not one CEO here today whose stock price is even close to what it was a year ago," he noted.

Barton today also released a letter to Treasury Secretary Henry Paulson questioning whether insurance giant American Insurance Group — a USCAP member — used funds from the Wall Street bailout to fund climate lobbying.

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GRISTMILL A blogful of leafy green commentary



'Be prepared for a battle'

Waxman calls for climate bill by May, despite grumbling from Energy Committee members

Posted by [Kate Sheppard](#) at 1:53 PM on 15 Jan 2009

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In his first hearing as chair of the [House Energy and Commerce Committee](#), Rep. [Henry Waxman](#) (D-Calif.) on Thursday pledged to act "quickly and decisively" on climate change, and said he wants a bill ready to go by Memorial Day recess in May.

"Our environment and our economy depend on congressional action to confront the threat of climate change and secure our energy independence," Waxman said. "U.S. industries want to invest in a clean energy future, but uncertainties about whether, when, and how greenhouse-gas emissions will be reduced is deterring these vital investments."

But not everyone is on board. Rep. [Roy Blunt](#) (R-Mo.) said there are "many different views on this committee" as to whether climate change is caused by humans.

The committee heard from representatives of the U.S. Climate Action Partnership about its new [blueprint for a cap-and-trade climate bill](#). President-elect Barack Obama and Waxman have both called for cap-and-trade programs, though considerably stronger ones than USCAP proposed.

But some committee member suggested that cap-and-trade is not the way to go. Rep. Gene Green (D-Texas) said he prefers a carbon tax, though it may not be as politically palatable. "It's probably the cleanest and most transparent thing Congress can do is to put a tax on something we shouldn't be putting in our atmosphere," said Green. His fellow Texan, Republican ranking member [Joe Barton](#), also indicated that a carbon tax might be preferable to cap-and-trade.

Today's hearing illustrated that despite the leadership change in the committee -- [climate advocate Waxman replacing automaker-friendly John Dingell](#) -- it's going to be a tussle to move climate legislation this year. "Be prepared for a battle," warned Rep. John Shimkus (R-Ill.).

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Thursday, January 15, 2009

Walden gets top spot on oversight committee

Oregon Republican also No. 2 on national congressional committee

The Associated Press and East Oregonian

Thursday, January 15, 2009

WASHINGTON - U.S. Rep. [Greg Walden](#) of Oregon is the new top Republican on a House panel with wide-ranging jurisdiction over federal programs.

As the ranking member of the Subcommittee on Oversight and Investigations, Walden will lead six House Republicans in working with 11 House Democrats in conducting oversight of federal agencies.

"If ever there was a time when taxpayers were crying out for thorough oversight of spending by government agencies and programs, this is it," Walden said in a news release. "I look forward to aggressively conducting oversight from the position of ranking member of the oversight and investigations subcommittee."

The subcommittee is one of five under the umbrella of the [House Committee on Energy and Commerce](#), which Walden also serves on. Texas Republican [Joe Barton](#), the ranking member on energy and commerce, named Walden to the post.

Barton described his fellow Republican as one of Capitol Hill's hardest working and most thoroughly prepared members. He also said Walden will provide strong leadership for the work Republicans will be doing on the oversight and investigations subcommittee.

The House Committee on Energy and Commerce has jurisdiction over energy, trade, health care and communications. During the past two years the subcommittee has investigated the energy prices, federal agencies that failed to account for missing equipment and ensuring a healthy U.S. food supply.

Walden also will retain his membership on the energy and environment subcommittee and the telecommunications subcommittee.

Walden, of Hood River, is in his sixth term and represents Oregon's Second Congressional District, consisting of 20 counties in eastern, southern and central Oregon. He is the lone Republican in

Oregon's seven-member congressional delegation.

Additionally, the National Republican Congressional Committee has named Walden as its new vice chairman. He will help lead the party as it tries to recover from two straight disastrous elections.

He said his new role as second-in-command of the GOP campaign group would play no role in his political plans for 2010.

Republicans have mentioned Walden as a possible candidate for governor or challenger to Democratic Sen. Ron Wyden next year.

Walden said he has not decided on a 2010 race and won't for a while. He said he wants to help the party gain back seats lost in 2006 and 2008.

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LEADING THE NEWS

Obama's call for college football playoff gains momentum on Hill

By Walter Alarkon

Posted: 01/15/09 07:26 PM [ET]

Lawmakers are backing President-elect Obama's call for a college football playoff, drafting legislation to replace the Bowl Championship Series (BCS) despite objections from former House members who know college football best.

Rep. [Joe Barton](#) (R-Texas) has drafted a bill that seeks to prohibit the promotion, marketing or advertising of any national championship game that isn't part of a playoff system. Rep. Neil Abercrombie (D-Hawaii) has sponsored a measure that would declare the BCS an illegal restraint of trade. And Rep. [Edolphus Towns](#) (D-N.Y.), the new chairman of the House Oversight and Government Reform Committee, told USA Today this week that he was planning a hearing, with college football officials as witnesses, on how to get the BCS to use a playoff.



“‘National champion’ connotes best of the best,” Barton said. “With the BCS, it’s the best according to an average of 10 computers.”

All appear to be picking up on what Obama has said on at least four separate occasions since November — that a playoff is necessary to replace the more arbitrary method put in place a decade ago that relies on polls and computer formulas to decide which two teams play for the title.

“If you’ve got a bunch of teams who play throughout the season, and many of them have one loss or two losses, there’s no clear, decisive winner,” Obama said on “60 Minutes” in November. “We should be creating a playoff system.”

Obama's worries seemed to be justified last week, when the University of Florida Gators won the BCS national championship despite finishing with one loss. Three other teams — the University of Texas Longhorns, University of Southern California Trojans and the undefeated University of Utah Utes — finished with similar records but didn't make the national championship game.

While bipartisan and bicameral support for a playoff builds, two former congressmen, who also happen to be former college football superstars, are defending the current system. Former Rep. Tom Osborne (R-Neb.), who coached three national championship teams at the University of Nebraska, said he likes the president-elect but finds him misguided on this issue.

“He’s obviously a very intelligent guy and has a lot on his plate,” Osborne said. “I think maybe he’s ranging a little bit far afield from his area of expertise. Those of us who deal with this every day have a certain perspective.”

Osborne, now Nebraska's athletic director, noted that every game in a college football season is like a playoff, since one or two losses by a team are often enough to eliminate it from contention. He also wondered whether fans would travel to follow their team through the later rounds of a playoff.

“It’s not really in an area where the government belongs,” Osborne said. “Now, if the BCS system was corrupt and people were taking the money and doing criminal things or whatever, then yeah, Congress has a right to step in.”

Former Rep. J.C. Watts (R-Okla.), who quarterbacked the University of Oklahoma Sooners to two Orange Bowl

wins in the 1980s, said that getting government involved might backfire. College football, he said, is best left to college presidents, athletic directors and football coaches.

Watts, who serves as a government affairs consultant for the BCS, said that instead of spending political capital on the current bowl system, Obama and Congress should do more to free up loans for small businesses.

"That's just a whole lot more important to me than going public and saying we need a playoff system," Watts said.

The BCS, which is run by the major college football schools and athletic conferences, doesn't seem to be aching for reform. BCS coordinator John Swofford said in a reply to Obama in November that, "for now, our constituencies — and I know he understands constituencies — have settled on the current BCS system, which the majority believe is the best system yet to determine a national champion while also maintaining the college football regular season as the best and most meaningful in sports."

Obama himself hasn't talked about using government to force a change, and Osborne said he had no problems with Obama voicing his opinion. In fact, Osborne, who backed Sen. John McCain (R-Ariz.) during the presidential election, said he is now an "Obama supporter."

"I think all of us have to hope he's successful and that whoever is president has full support," Osborne said. "And I'm not in favor of trying to put him down."

But if Obama wanted to press for a legislative fix, he could assemble an unlikely coalition. When Obama spoke to Barton after the election, Barton said that a college football playoff was one issue on which conservatives like himself could work with a Democratic administration, according to Barton's account. Co-sponsors for the bills sponsored by Barton and Abercrombie include Reps. Jim Matheson (D-Utah), Bobby Rush (D-Ill.), Lynn Westmoreland (R-Ga.), Michael McCaul (R-Texas) and Mike Simpson (R-Idaho).

To counter the star power of Osborne and Watts, Obama could turn to the Democrats' college football star. Rep. Heath Shuler (N.C.), a former quarterback for the University of Tennessee who was the 1993 Heisman Trophy runner-up, is an ardent supporter of a playoff. Shuler said Utah's undefeated squad is a perfect example of a team that deserved an opportunity to play for the national championship but didn't get it. He said he wanted to testify at any BCS hearing.

"When you represent a district that you feel that's been left out, that's your obligation to your constituents and your colleges and universities who don't feel they've gotten a fair share," he said. Still, Shuler, a centrist Blue Dog, wouldn't commit to backing a bill on the BCS, adding that a government fix could lead to a "slippery slope" of government intervention elsewhere. And he might use any face-time with Obama to discuss other matters.

"Certainly there's a whole lot more on his plate than football," Shuler said. "I'd rather talk about statutory pay-go."

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Henry Waxman

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CQ TODAY ONLINE NEWS

Jan. 15, 2009 – 6:04 p.m.

One More Committee Seat for Republicans

By Michael Teitelbaum and Edward Epstein, CQ Staff

House Minority Leader [John A. Boehner](#), R-Ohio, had wanted a Texas Republican on the Transportation and Infrastructure Committee, and he finally got one. But it took a rejuggling of committee assignments and membership ratios to do it.

Thanks to the addition of one more GOP seat, Rep. [Steve Scalise](#) of Louisiana will be moving to the [Energy and Commerce Committee](#) from his current assignment on Transportation and Infrastructure. The move clears the way for freshman Republican [Pete Olson](#) of Texas to slide into Transportation, which eased concerns among Texas GOP members that they would be left without one of their own on the largest committee in the House.

Republican leaders had asked for additional seats on Energy, but Chairmen [Henry A. Waxman](#), D-Calif., agreed to only one, giving the GOP 23 seats on the panel instead of the 22 they were given at the beginning of the 111th Congress. In the 110th, the committee had 31 Democrats to 26 Republicans but Democratic gains in the 2008 election allowed for the committee ratios to be altered.

Republican leaders, however, aren't giving up their quest for more slots on exclusive panels just yet. Today Minority Whip [Eric Cantor](#) of Virginia asked Majority Leader [Steny H. Hoyer](#) of Maryland why the ratio on Ways and Means gives Democrats 63 percent of the seats when the makeup of the entire House membership is 59 percent Democratic and 41 percent Republican.

"Ways and Means has historically had a ratio that did not reflect exactly the ratio in the House," Hoyer said.

Pointing to the additional Energy seat given to Republicans, Cantor said he hoped the Democratic leadership would reconsider. Hoyer, however, was noncommittal.

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LEADING THE NEWS

Waxman to push global warming bill

By Mike Soraghan

Posted: 01/15/09 11:22 AM [ET]

Comprehensive global warming legislation will be sent to the House floor by Memorial Day, [House Energy and Commerce Committee Chairman Henry Waxman](#) (D-Calif.) announced Thursday.



"Our committee will be acting quickly and decisively to reduce global warming and end our dependence on foreign oil," Waxman said.

House Speaker Nancy Pelosi (D-Calif.) has indicated that reining in climate change is among her top priorities. And Waxman deposed Rep. [John Dingell](#) (D-Mich.) as chairman of the committee in part because of his aggressive approach on the environment, which he billed as more in line with President-elect Obama's view.

Waxman made the announcement at his first hearing as chairman, which featured the heads of manufacturing companies that support new climate change rules.

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Hill Heat: Climate Proposals Stoke Tempers in House Committee

Posted By [Keith Johnson](#) On January 15, 2009 @ 10:25 am In [Cap and Trade](#), [Carbon Emissions](#), [Global](#), [Global Warming](#), [Politics and Policy](#) | [6 Comments](#)

Stephen Power reports:

The Waxman era begins: The first congressional hearing of 2009 on climate change got off to an acrimonious start Thursday, as House Republicans blasted a group of corporate CEOs and environmental groups for staging a press conference instead of appearing before the [House Energy and Commerce Committee](#) to answer lawmakers' questions about their ideas for reducing greenhouse gas emissions.

The Republicans also vowed to hold members of the US Climate Action Partnership accountable for their own use of fossil fuels, by demanding they explain to the committee whether they traveled to Washington by corporate aircraft and how much fuel they used.

"Be prepared for a battle," Illinois Republican [John Shimkus](#) said at the start of the hearing by the House Energy and Commerce Committee. Mr. Shimkus vowed to "hold accountable" any Democrats from coal-abundant and petroleum-producing states who vote in favor of legislation to cap greenhouse gas emissions and set up an emissions trading system in which companies would have to buy permits allowing them to pollute.

Mr. Shimkus and other Republicans called such legislation, which is favored by President-elect Barack Obama, "a shell game designed to hide" the true costs of regulation from consumers.

The comments came at the first hearing on climate change chaired by California's [Henry Waxman](#) after he defeated Michigan's John Dingell last year for the chairmanship of the House Energy and Commerce Committee. The rhetorical war suggests the road to passing climate-change legislation will be rocky, at least in the House.

The committee is scheduled to hear testimony later this morning from from the CEOs of General Electric, Duke Energy and other corporations that belong to the US Climate Action Partnership. The group is in Washington to [unveil its proposed "blueprint"](#) for climate-change legislation. Republicans on the panel said they had been given an hour and a half to view the group's written recommendations; had been denied a chance to seat a witness on the same dais as the CEOs; and that the CEOs would be available for questions from the panel for only two hours - a time frame Republicans said was inadequate.

In response, Mr. Waxman said lawmakers would have a chance to quiz other representatives of the companies and that "this is not the last hearing" he plans to hold on the matter.

UPDATE: Mr. Waxman will suffer no delays in tackling climate change, whatever his House colleagues may think. He said he intends to pass climate-change legislation out of committee by Memorial Day.

Article printed from Environmental Capital - WSJ.com: <http://blogs.wsj.com/environmentalcapital>

URL to article: <http://blogs.wsj.com/environmentalcapital/2009/01/15/hill-heat-climate-proposals-stoke-tempers-in-house-committee/>

6. CLIMATE: Coalition's pitch sparks cap-and-trade debate (01/15/2009)

Michael Burnham, E&E senior reporter

Sen. Bob Corker (R-Tenn.) dismissed as "window dressing" a cap-and-trade proposal from Duke Energy Corp., General Electric Co. and other corporate heavyweights allied with some leading environmental groups to slash U.S. greenhouse gas emissions 80 percent by 2050.

Emissions of carbon dioxide and other heat-trapping gases from power plants, cement factories and other large stationary sources would be capped under the blueprint unveiled this morning by the 31-member U.S. Climate Action Partnership ([Greenwire](#), Jan. 15). Polluters should be able to meet part of their compliance obligations by buying verifiable CO2 offsets derived from renewable energy and forest conservation projects, among other things.

To mitigate carbon market volatility and price spikes, especially in the cap-and-trade program's early days, the federal government should also create a reserve pool of certified offsets and carbon allowances borrowed from future compliance periods.

Corker, a member of the Senate Energy and Natural Resources Committee, called the blueprint "self-serving" because it suggests that a significant portion of free allowances be distributed to capped entities and economic sectors that are particularly disadvantaged by the secondary price effects of the cap.

Corker called the free allowances, which would be phased out over time, "basically just another request from special-interest groups."

"The notion that this bill will give significant allowances with real monetary value away for free is outrageous," the first-term lawmaker said in a statement.

Corker said he is also opposed to the coalition's proposal to allow polluters to buy and sell domestic and international offsets. Instead, he supports auctioning off emission allowances and returning the revenue to taxpayers to cope with a presumed rise in fossil-fuel generation costs.

A carbon tax would accomplish the same end more efficiently and transparently, he said. Exxon Mobil Corp. CEO Rex Tillerson, who is not a member of the coalition, echoed that sentiment last week ([E&ENews PM](#), Jan. 8).

In a hearing today, [House Energy and Commerce Chairman Henry Waxman](#) (D-Calif.) said he plans to move a climate bill through his committee by Memorial Day.

His Senate counterpart, Environment and Public Works Chairwoman Barbara Boxer (D-Calif.), commended Waxman's ambitious timeline. She added that she also intends to complete a set of principles for her own cap-and-trade legislation in coming weeks.

"With the addition of Chairman Waxman's announcement and a new proposal from America's business and environmental leaders in the U.S. Climate Action Partnership, the writing is on the wall that legislation to combat global warming is coming soon," Boxer said in a statement.

In a news conference today, coalition officials stressed that carbon allowances and offsets would be essential to calm a nascent U.S. cap-and-trade market and keep costs at manageable levels. U.S. CAP officials declined to attach a price tag to their proposal.

"A robust emissions offset program established from the outset of cap-and-trade will create opportunities to reduce emissions or increase sequestration practices that can generate revenue for rural communities, provide multiple environmental and social benefits, improve air quality and ensure cost-efficient emissions reductions," said Robert Lane, chairman and chief executive of Deere & Co.

The [blueprint](#) underscores that there should be a national strategy to repower, retrofit or replace high-emitting coal power plants with low-emitting coal technologies to help meet electricity demand now and in coming decades. And to prevent a potential run-up in natural gas prices due to feedstock switching, U.S. CAP recommends that Congress provide financial incentives and "needed regulatory certainty" to accelerate commercial-scale deployment of technology to capture and sequester CO2 emissions from power plants.

Coal cannot be "taken off the table," because it is the source for about 50 percent of the electricity generated in the United

States today, argued Duke Energy CEO Jim Rogers, whose company operates coal-fired power plants.

"We must find a way to remove the carbon from coal," Rogers added. "If we don't find a way, coal will not be a viable option or equal contributor in a low-carbon world."

Carbon capture incentives

Luke Popovich, the National Mining Association's vice president for external communications, said his organization supports U.S. CAP's incentives for carbon capture and sequestration, or CCS.

Specifically, the blueprint calls for the creation of a program for cash payments for sequestered CO2 emissions from coal and other fossil fuels in power plants and factories. The payments should be sufficient to cover the incremental cost of CCS, which the U.S. CAP members estimated to be about \$90 per metric ton of CO2 for high levels of capture at the first few projects.

"The technology that makes CO2 reductions possible should precede the requirement for mandated controls or at least be harmonized with those controls," Popovich said.

But the environmental group 1Sky, which supports a moratorium on new coal-fired power plants, is adamantly opposed to U.S. CAP's proposal to subsidize CCS.

"They propose allowing exorbitant subsidies for coal plants to be built now, as long as they capture and sequester the carbon once the technology becomes commercially viable," said Gillian Caldwell, campaign director for 1Sky, which is supported financially by the MacArthur Foundation and other groups. "No one can predict whether or if it will ever be commercially viable."

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2. CLIMATE: U.S. CAP endorses 80% emissions cut (01/15/2009)

Michael Burnham, E&E senior reporter

A major coalition of corporations and environmental groups is urging Congress to pass by year's end a mandatory, economywide cap-and-trade program to reduce U.S. emissions of carbon dioxide and other heat-trapping gases to 20 percent of 2005 levels by 2050.

The U.S. Climate Action Partnership's "Blueprint for Legislative Action," which comes five days before President-elect Barack Obama's inauguration, calls for a national greenhouse gas registry with a single price for trading carbon. The blueprint suggests a starting floor price of \$10 per metric ton of carbon allocations to companies as well as a "reserve of credits" that would come from offsets derived from forest conservation and renewable energy projects, among other things.

Congress should set an initial upper level limit on the use of offsets for company compliance in any year of 1.5 billion metric tons of domestic and 1.5 billion metric tons of international offsets, the [blueprint](#) noted. A congressionally created Carbon Market Board should have the power to set offset limits going forward.

"We think this is a good foundation for long-term economic growth because this country can lead in clean technologies," said General Electric Co. CEO Jeff Immelt during a morning news conference at the Capitol. He was flanked by two-dozen other corporate and environmental group executives who make up U.S. CAP's membership.

U.S. CAP's more than 30 members are urging Congress to pass a cap-and-trade bill this session to help meet interim targets. The blueprint calls for emissions to be 97-102 percent of 2005 levels by 2012, 80-86 percent of levels by 2020 and 58 percent of 2005 levels by 2030.

"We're motivated both by the economic crisis that affects the country and the environmental crisis," said Jonathan Lash, president of the World Resources Institute.

But at least one U.S. CAP member -- ConocoPhillips CEO Jim Mulva -- conceded privately that the prospect of Congress passing a cap-and-trade bill this year is unlikely given the deep recession.

"It may likely be 2010," Mulva said following a speech at the National Press Club on Tuesday.

In a hearing today, [House Energy and Commerce Chairman Henry Waxman](#) (D-Calif.) said he plans to move a climate bill through his committee by Memorial Day (*see related story*).

"It's a pretty ambitious goal," a Waxman aide said. "It'll be a busy spring."

At the U.S. CAP news conference, Pew Center on Climate Change director Eileen Clausen would not attach a price tag to the program, broadly promoting it as a measure that would "revitalize" the U.S. economy with green jobs. The cost of the program will depend significantly upon the combination of emission-reduction targets and the level of offsets that are permitted from emission reductions from uncapped sources in the United States and abroad, the report underscored.

U.S. CAP's 80 percent by 2050 emissions reduction target and carbon-trading program is consistent with the cap-and-trade program Obama supports, the companies contend.

Goals criticized

Brent Blackwelder, president of the environmental group Friends of the Earth -- which is not a U.S. CAP member -- called the interim emissions-reduction targets "deeply flawed" and said carbon offsets would amount to "loopholes" for polluters.

"Offsets can allow U.S. corporate polluters to continue producing more than their fair share of greenhouse gas emissions, and it is nearly impossible to verify that such offsets, especially on the international market, end up producing the intended emissions reductions elsewhere," Blackwelder said.

The Union of Concerned Scientists, which is not a coalition member, is also calling for stronger interim targets.

"The coalition's target of reducing pollution 14 to 20 percent below today's levels by 2020 is inadequate," said Alden Meyer, UCS's director of strategy and policy. "A more aggressive target is both necessary and possible. Cuts of 20 to 25 percent are achievable with current and emerging technologies."

The blueprint would require any coal or solid-fueled power plant that emits more than 10,000 metric tons of CO₂ annually and is permitted after Jan. 1, 2015, to emit no more than 1,100 pounds of CO₂ per megawatt-hour. The plan also calls on U.S. EPA to set final regulations for carbon capture, transport and storage by Jan. 1, 2012.

New plants would need to be ready for carbon capture and storage retrofits.

"We must find a way to remove the carbon from coal," said Jim Rogers, CEO of Duke Energy, a U.S. CAP member. "If we don't find a way, coal will not be a viable option or equal contributor in a low-carbon world."

Brian Murray, director for economic analysis Duke University's Nicholas Institute, called the coalition plan "an equitable solution to a difficult problem."

"A comprehensive carbon cap-and-trade system, with a robust market for carbon offsets and strong provisions to contain costs, should simultaneously ratchet down carbon emissions, spur new low-carbon technology and allow continued economic growth."

Not every U.S. CAP member agreed. The National Wildlife Federation, which joined U.S. CAP last year, dropped out of the coalition today. A NWF spokesman declined to elaborate on the move but issued a written statement that suggested the environmental group also felt the emissions reduction targets were not aggressive enough.

"Our understanding of global warming has changed markedly as scientists have observed the changes taking place around the world and warned that climate change is accelerating faster than we thought a short while ago," the statement said.

"We look forward to continuing our dialogue with U.S. CAP and its members, albeit in a different role," the statement concluded.

[Click here](#) to read the U.S. CAP blueprint.

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Advertisement banner for NMA Clean Coal Technologies. The banner features three blue speech bubbles on an orange background. The first bubble says "YES WE CAN!". The second bubble says "Build America's clean energy FUTURE". The third bubble says "with the next generation of Clean Coal Technologies." To the right of the bubbles, it says "Click here to learn more!" and the NMA logo.



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Without Delay: Congress to Fast-Track Climate Legislation

WASHINGTON, DC, January 15, 2009 (ENS) - The heads of some of America's largest corporations together with the leaders of five of the country's largest environmental groups today presented a joint plan to Congress for climate protection legislation. Congressional Democrats met their call for immediate action with assurances that they agree - there is no time for delay.

Testifying before the **House Committee on Energy and Commerce** in the first congressional hearing of 2009 on climate change, members of the U.S. Climate Action Partnership called for a reduction in U.S. greenhouse gas emissions by 80 percent of 2005 levels by 2050 through an economy-wide cap-and-trade program.

"In the past, the U.S. has proven that we have the will, the capabilities and the courage to invest in innovation - even in difficult times," said Jeff Immelt, chairman and chief executive of General Electric, one of the USCAP partners.

"Today, cap-and-trade legislation is a crucial component in fueling the bold clean energy investments necessary to catapult the U.S. again to preeminence in global energy and environmental policy, strengthen the country's international competitiveness, and create millions of rewarding new American jobs," Immelt said.

"The health of our economy and the safety of our climate are inextricably linked, except nature doesn't do bail-outs," said Jonathan Lash, president of the World Resources Institute.

"USCAP has redefined what is possible," said Lash. "If the diverse membership of USCAP can find common ground, Congress can agree on effective legislation."

Committee chair Congressman **Henry Waxman** of California said his goal is to pass comprehensive climate and energy legislation in the committee before the Memorial Day recess.

"That is an ambitious schedule, but it is an achievable one," said Waxman who is new to the committee chairmanship. "We cannot afford another year of delay. As today's hearing will show, a consensus is developing that our nation needs climate legislation. Our job is to transform this consensus into effective legislation. The legislation must be based on the science and meet the very serious threats we face."

House Speaker Nancy Pelosi said, "Chairman Waxman has set an aggressive timetable for action to reduce global warming and our dependence on foreign oil. I share his sense of urgency and his belief that we cannot afford another year of delay."

Developed through two years of intensive analysis and consensus-building among USCAP's 26 corporations and five environmental groups, the "Blueprint for Legislative Action" aired before the committee today sets forth steps for creating a mandatory, economy-wide cap-and-trade program for the main greenhouse gas carbon dioxide.

Under a cap-and-trade system, a government authority first sets a cap, deciding how much pollution in total will be allowed. Next, companies are issued credits, essentially licenses to pollute. If a company comes in below its cap, it has extra credits which it can trade with other companies.

USCAP's plan couples the cap-and-trade program with cost containment measures and complementary policies addressing a federal technology research development and deployment program, coal technology, and transportation, as well as building and energy efficiency.

Jim Mulva, chairman and chief executive of the oil company ConocoPhillips, the nation's second largest refiner, told the committee, "We believe we must act now in a united effort to slow, stop and reverse the growth of greenhouse gas emissions."

Mulva agreed that quick action is imperative to curb climate change. "Each year the United States delays enacting a federal framework to control its emissions, the greater the future risk."

"From an oil and gas perspective," he said, "we understand that this means fundamental changes in the way we operate and in the fuels we produce."

"ConocoPhillips is ready to meet the challenge," Mulva said, "but we and others need an effective, efficient and equitable federal program in place to establish the rules and to encourage the technology development and investments necessary for change."

Frances Beinecke, president of the Natural Resources Defense Council, told the committee, "The time for action on global warming has already been delayed too long. Every day we learn more about the ways in which global warming is already affecting our planet."

"A growing body of scientific opinion has formed that we face extreme dangers if global average temperatures are allowed to increase by more than 2 degrees Fahrenheit from today's levels," Beinecke said.

She said that the NRDC believes we may be able to stay below this temperature increase if atmospheric concentrations of carbon dioxide and other global warming gases are kept from exceeding 450 parts per million of CO₂-equivalent and then rapidly reduced.

"This will require us to halt U.S. emissions growth within the next few years and then achieve significant cuts in emissions in the next decade," she said, "progressing to an approximately 80 percent cut by 2050."

The targets and timetables in the USCAP legislative proposal are consistent with the schedule proposed by President-elect Barack Obama.

In his November 18 address to a bipartisan conference of governors, Obama said, "Now is the time to confront this challenge once and for all. Delay is no longer an option."

In December, in a video address to the United Nations climate conference in Poland, Obama said he would open a "new chapter" on climate change, starting with a national cap-and-trade system.

Sacramento Business Journal - January 15, 2009

<http://sacramento.bizjournals.com/sacramento/stories/2009/01/12/daily51.html>

Thursday, January 15, 2009, 12:30pm PST

Coalition calls for carbon targets

Sacramento Business Journal

A partnership of large corporations and national environmental groups is proposing federal regulations that would cut U.S. carbon dioxide emissions more than 40 percent by 2030.

Duke Energy Corp., a founding member of the U.S. Climate Action Partnership, says the proposal balances the need for action with the need to prevent financial shocks to the economy.

Keith Trent, chief strategy officer at Charlotte-based Duke (NYSE:DUK), says one key to his company's support is an agreement by environmental groups to a cap-and-trade system that would initially give energy producers allowances on carbon dioxide emissions.

Under a cap-and-trade system, the government sets limits on how much carbon a company can emit. An emitter that can't effectively reduce its pollution would be able to get allowances from those that are below the capped limit.

Many organizations and lawmakers have called for selling those allowance at auction. But Duke has said that approach would penalize utility customers in the Southeast and Midwest. Those regions are heavily dependent on coal — the industry's largest carbon producer — for power.

The partnership proposal calls for carbon allowances equal to current utility emissions to be distributed free to those companies. The free allocation would be reduced over a period of years.

With that agreement from the five national environmental groups in the organization, Duke and other power companies were willing to agree to more aggressive emission-reduction goals, Trent says.

The ultimate goal is an 80 percent reduction of greenhouse emissions by 2050 from 2005 levels.

The reduction would be nationwide. It would affect all industries, not just utilities. But utilities produce about 40 percent of the carbon and other greenhouse gases emitted in the United States.

Members of the U.S. Climate Action Partnership testified Thursday before the House environmental committee chaired by Rep. [Henry Waxman](#), a Democrat from California.

Charlotte Business Journal

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Duke joins plan to lower emissions

Environmental groups, corporations offer proposal to control gases linked to climate change.

By Bruce Henderson
bhenderson@charlotteobserver.com
Posted: Friday, Jan. 16, 2009



Duke Energy's Keith Trent

Duke Energy was among a rare group of household-name corporations and environmental groups that rolled out a plan Thursday to sharply lower greenhouse gas emissions as President-elect Obama assumes office.

The plan, developed over two years, was an attempt to present the new president with a consensus of leading players in the debate over regulation of carbon dioxide. The gas is linked to climate change.

Their recommendations would place national limits, dropping over time, on how much carbon dioxide may be released. Emitters like Duke could trade "allowances" – permission slips to release carbon – to stay under that cap.

But the industry plan differs from Obama's, who also supports carbon caps, on a key starting point. The U.S. Climate Action Partnership, which crafted the plan, says companies like Duke should initially get allowances free. Obama has said he wants the companies to buy them at auction.

It's a critical difference, because the value of the allowances is expected to soar into the trillions of dollars by 2050.

The industry plan envisions reducing carbon releases 80 percent, compared to 2005, by that date. Interim targets were set for 2012, 2020 and 2030.

"If (free allowances) were removed from the mix entirely, I would say that it was one of the cards that could make the (plan) fall down very quickly," said Keith Trent, Duke's chief strategy and policy officer.

Trent said the costs of buying auctioned allowances would pass to customers, estimating that Duke's customers would see a 25 percent to 30 percent rate increase. He had no comparable estimate for free allowances, but said they would put money directly to work cleaning up plants.

It's too much to make customers pay for auctioned allowances in addition to the costs of "decarbonizing" power plants, Trent said.

Electric utilities emit 40 percent of the nation's greenhouse gases. Duke Energy, one of the largest U.S. utilities, with 4 million electric customers, releases 100 million tons of carbon dioxide a year, third-highest among U.S. utilities.

Environmental groups not involved with the partnership slammed free allowances and said the plan wasn't aggressive enough in calling for a 14 percent to 20 percent reduction in carbon emissions by 2020.

"Giving away too many allowances for free would distort the market and could result in windfall profits for polluters," said Alden Meyer of the Union of Concerned Scientists.

Investing in technology

The partnership includes 26 corporations – among them DuPont, GE, PepsiCo and the Big Three automakers – and high-profile advocates such as the Environmental Defense Fund and the Natural Resources Defense Council.

The group cast its recommendations as a politically palatable stimulus to investment in low-carbon technologies and a way to start ratcheting down carbon emissions at the lowest cost to consumers.

"The health of our economy and the safety of our climate are inextricably linked, except nature doesn't do bail-outs," said Jonathan Lash, president of the World Resources Institute, a partnership member. "If the diverse membership of (the partnership) can find common ground, Congress can agree on effective legislation."

It's uncertain how rapidly legislation could be passed, given Obama's focus on the crumbling economy and two wars. The longer the wait for climate action, the partnership said, the higher the costs.

Duke CEO Jim Rogers, testifying Thursday before the [House Energy and Commerce committee](#), said that "by starting now we have a better chance to smooth out and minimize the inevitable cost increases that will be imposed on U.S. consumers."

The committee chairman, Rep. [Henry Waxman](#), D-Calif., said he will move "quickly and decisively" to push greenhouse-gas legislation out of his committee before Memorial Day. Waxman said inaction will make it harder for the economy to pull out of recession.

"U.S. industries want to invest in a clean energy future," he said, "but uncertainties about whether, when and how greenhouse gas emissions will be reduced is deterring these vital investments."

But Illinois Republican Rep. John Shimkus warned his committee colleagues to "be prepared for battle." He called the partnership plan "a shell game" to hide the cost from taxpayers.

"Let's develop a trading floor for U.S. emissions, and let's let the big-money folks at Goldman Sachs control it," Shimkus joked. "Is that a good idea?"

The Associated Press and Bloomberg News contributed



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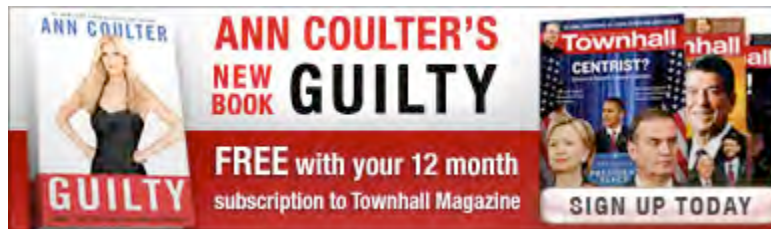
Debate Over; It's Freezing

David Harsanyi

Friday, January 16, 2009

The carbon footprint of Barack Obama's inauguration could exceed 575 million pounds of CO₂. According to the Institute for Liberty, it would take the average U.S. household nearly 60,000 years of naughty ecological behavior to produce a carbon footprint equal to the largest self-congratulatory event in the history of humankind.

The same congressfolk who now are handing out thousands of tickets to this ecological disaster mandated only recently the phased elimination of the incandescent light bulb -- a mere carbon tiptoe, if you will. The whole thing seems a bit unfair.



And on the day millions of Americans were freezing their collective backside off, the new [Energy and Commerce Committee chairman, Henry Waxman](#), announced that Congress would fast-track climate change legislation. Waxman claimed, as The Associated Press put it, "Inaction on the climate issue is causing uncertainties that make it more difficult to emerge from the recession."

Waxman's methane emission merely would reek if it weren't so catastrophically sad. I learned long ago that any dissent on climate alarmism will be met with unflinching fury, but is there anyone who can argue genuinely that inaction on "climate issues" (formerly known as global warming) has had a fundamental impact on the economic downturn?

Our plight, in actuality, likely will be exacerbated if Waxman gets his way. Playing on the public's fear of climate change, we almost certainly are about to see a nationalized energy policy and price controls through cap and trade.

The late economist and journalist Henry Hazlitt once wrote that those who attempt "to lift the prices of particular commodities permanently above their natural market levels have failed so often, so disastrously and so notoriously" that no one admits to wanting to try it. Then again, in those heady days, the Energy and Commerce Committee chairman's job was actually of assisting Americans with their energy needs, not making it more expensive.

I've been informed, quite forcefully, that "climate change" can induce weather to warm, make it colder and, miraculously, produce whatever climate condition we happen to be experiencing at that very moment. So I wholeheartedly concur with my environmentalist friends: Climate does indeed make weather fluctuate.

The day Waxman delivered his statement, the National Weather Service issued a warning for Chicago about the wind chill index being somewhere in the vicinity of 25 to 40 below zero. In Maine, citizens expected temperatures to be about 40 below zero. And Iowans were warned that it could drop to 27 degrees below zero. In many places across the nation, there was record-setting cold.

So in other words, Waxman expects these unfortunate glacial souls to pay higher energy prices to shield themselves from Arctic chills in the name of global warming?

That's quite a trick.

Still, politically, the time is right for progressives to pass any legislation they please. But Democrats also may be setting themselves up for failure. This kind of central planning, after all, has a winning record envied only by the Detroit Lions.

Conserving energy, acting responsibly and cultivating technological advances are positive, whether global warming is as dangerous as the alarmists claim or not. But implementing ideas conjured up in environmentalists' imaginations could bring massive economic consequences.

You've told me the debate over climate change is over. But even if I concede it is, the debate over the worthiness, practicality, feasibility and trade-offs necessary to live in a vibrant and free economy should not be over.

Is warming by 0.74 degrees Celsius over the past 100 years really enough to make us panic? I mean, we probably could make that up by canceling the inauguration.

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LEADING THE NEWS

Panel chairmen fighting mad over snubs by Pelosi

By Jared Allen

Posted: 01/15/09 07:44 PM [ET]

Senior House Democrats have a message for their Speaker: We're mad as hell, and we're only taking it this one last time.

As congressional Democrats take the lead in responding to the sinking economy, subcommittee and even some full-committee chairmen — who normally wield significant influence in writing legislation — have been forced to wait on the sidelines as monumental bills are written in Speaker Nancy Pelosi's (D-Calif.) office.



That often leaves room for cursory input from lawmakers who have carved out expert niches for themselves.

Many of these members are complaining louder and more often to Democratic leaders that a return to regular order, where bills are written in committee, is long overdue. And some warn that if the closed-door, truncated legislative process doesn't end with the economic recovery bill, frustration could boil over, perhaps onto the floor.

"This is really set to come to a head soon," said Rep. [Bart Stupak](#) (D-Mich.), who chairs the Energy and Commerce Oversight subcommittee. "The question is: Are we actually going to get a chance to legislate? There's an opportunity to turn this corner, but we have not done that yet."

A number of Democrats have said caucus meetings are growing contentious as promises from their leaders to return to a regular process have again been postponed because of "emergency" legislation.

Last week, Majority Leader Steny Hoyer (D-Md.) indicated that he "expected" a number of committee markups on the stimulus bill, including a possible markup in the Transportation and Infrastructure Committee.

On Wednesday, though, Democratic leaders unveiled a plan to have the \$825 billion bill marked up by only two committees: Ways and Means and Appropriations.

Many frustrated Democrats, while sensitive to the need to enact these bills quickly, feel like they've been frozen out of the process.

"I and others have brought this up in caucus meetings," said Rep. Alcee Hastings (Fla.), the third-ranking Democrat on the Rules Committee.

"In this case, the stimulus package is much too important to risk slowing it up too much," Hastings said. But in the future, he continued, "it would be better to crawl through the process and go through all the hits and misses that come with that."

Some, though, say running in lieu of crawling is not only contradictory to the way things are supposed to work, but shortsighted, even for "emergency" measures.

"You know, I'm hearing some of the same rhetoric out of the senior Obama appointees that I heard from Bush

officials about the bailout,” said Rep. Peter DeFazio (D-Ore.), referring to the sense of urgency surrounding the economic recovery plan.

As the Transportation and Infrastructure Highways and Transit subcommittee chairman, DeFazio had been gearing up for a markup in his committee. He spoke to The Hill on Wednesday, just minutes after being told his committee would not, in fact, be marking up the stimulus bill, which contains \$90 billion in funding for roads, bridges and other infrastructure projects.



“We’re allowed to make suggestions, and I’m fortunate that [Appropriations Committee] Chairman [David] Obey [D-Wis.] listens to my suggestions,” DeFazio said. “But it’s still a substantially top-down process.”

At the same time, both DeFazio and Stupak defended how Pelosi has handled the stimulus bill, as well as how she has dealt with a caucus growing more anxious by the week.

“I think she’s very aware of the concerns,” DeFazio said. “She’s not unreceptive to the pushback she’s getting from the caucus. She’s not telling us to sit down and be quiet.”

Added Stupak, “They are sensitive and they understand the frustration.

“But it’s fair to people to have them have input and have a

chance to offer amendments, have those amendments debated and voted on, and maybe even voted down,” he continued. “At least that way they’ll know the fate of their input.”

Asked if he believes things will change after the stimulus bill, Stupak said: “I think the tale of the tape will be: Will you have real input at the committee level? That’s really the issue.”

For her own part, Pelosi on Thursday acknowledged frustration over the process. But at the same time she alluded to the need to placate the concerns of Republicans, not of members of her own caucus.

“May I just say to you, especially some of you who may be newer here: This is the first step along the way,” Pelosi said. “We will file a bill. What the Republicans have asked me for is the ability for the bills to be marked up. It will take longer, but we are perfectly willing to do that. So next week, the bills will be marked up in committee — Appropriations, Ways and Means, and Energy and Commerce.”

But even that schedule is not comprehensive enough for some members.

“One of the problems is that I think the Speaker thinks that is regular order,” said one senior Democrat, who asked not to be identified.

Even so, there are clear signs that Pelosi will indeed fulfill her promise to members — even those members who still do not believe she has done so.

Financial Services Committee Chairman Barney Frank (D-Mass.), who was Pelosi’s point man on the \$700 billion Wall Street bailout bill, opened up his bailout accountability bill to a limited number of amendments, which were debated on the floor on Thursday.

And newly installed [Energy and Commerce Chairman Henry Waxman](#) (D-Calif.) on Thursday held a hearing on comprehensive energy legislation, and leadership aides said more hearings are in the works.

“They’ll be regular order once we get past the stimulus,” said Rep. [Frank Pallone Jr.](#) (D-N.J.), who chairs the Health subcommittee on the Energy panel. “We can’t do regular order [on the stimulus bill] because we need to get this passed quickly ... I just think there’s not enough time.”

Speaking about the future, DeFazio indicated he was just as hopeful, even if less optimistic.

“This is an unusual situation and I assume it will not be replicated,” he said.

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Hawaii takes closely watched digital TV plunge

By MARK NIESSE – 36 minutes ago

HONOLULU (AP) — At noon sharp Thursday in Hawaii, a message appeared on analog TV sets across the islands: "All full-power Hawaii TV stations are now digital."

The state shut down old-fashioned broadcast signals, more than a month before the rest of the country is set to make the now-contentious switch.

Even before the change, residents lit up special TV help center phone lines set up by the Federal Communication Commission. More than 300 calls came in Wednesday, and 10 lines were lighting up Thursday.

On home screens, the shutdown message flashed for about a minute in white text on a blue background. Then, a seven-minute announcement video began a broadcast loop that will continue for several weeks on major island stations.

Technicians are calling it the "analog night light."

Officials at the call center made last-minute checks with some 20 TV stations around the islands, with all reporting they were ready.

"The calls we're getting now are from those people who are waking up and saying, 'Oh my God, what do I do?'" said Lyle Ishida, the FCC's Hawaii digital TV project manager, just before the switch.

Experts taking the calls quickly screened out anyone with cable or satellite service, because they are unaffected by the switch. But some confusion had been expected.

"No matter how many commercials we run, there will always be a certain part of the population that doesn't get the message," said Chris Leonard, president of the Hawaii Association of Broadcasters, who was helping out at the call center.

One glitch cropped up even before the switch, with the PBS station on the Big Island reporting it hadn't yet received equipment to send its digital signal to an area of the island that is the southernmost point in the nation, South Point. PBS has been the only station serving the rural area. The problem was expected to last for several days.

With analog TV signals turned off, residents with older TVs were finding out whether they will be missing any channels or whether they still have any service at all.

Government officials and broadcasters estimate about 20,000 households in Hawaii still get their TV signals over the air, meaning they'd have to buy new TVs with digital tuners or digital converter boxes for their old TVs.

"It's really amazing how many people wait until the last minute," said June Gonzales, a member of the FCC team.

Households that need but failed to buy digital converter boxes would miss Thursday night shows like "CSI" or "Grey's Anatomy." Others who bought the \$50 to \$70 converter boxes might still find they lost channels because digital signals won't necessarily reach all the places hit by analog broadcasts.

Hawaii was moving to all-digital TV before the Feb. 17 date set for the rest of the nation because of an endangered bird, the Hawaiian dark-rumped petrel. Broadcasters and park rangers want to take down analog transmission towers on the slopes of Maui's Haleakala volcano before the bird's nesting season.

The analog shutdown in the rest of the country — which Congress mandated to free up space in the airwaves for other wireless services — has been put in doubt because the government has run out of money for \$40 coupons to subsidize converter boxes. President-elect Barack Obama's transition team has asked Congress for a delay.

Two key Democrats — [House Commerce Committee Chairman Henry Waxman](#) of California

and Senate Commerce Committee Chairman John D. Rockefeller of West Virginia — are working on bills to approve more funding for coupons and postpone the transition. Democrats on the House Appropriations Committee are also including \$650 million in funding for the coupon program in their economic stimulus proposal.

Despite extensive preparations and a broad public educational effort, the government and broadcasters are prepared for a torrent of complaints when analog TV dies.

In Hawaii, hundreds of calls for help already have been pouring in daily to the statewide customer support center. Some TV stations have put messages on their phone answering systems referring callers first to the support center.

Teams of volunteers and contractors have been making house calls to residents who were having difficulties with the converter boxes, but they may not be able to reach everyone throughout the islands Thursday if there are widespread problems, especially in rural areas.

On the Net:

- Web site set up for Hawaii's transition: <http://www.hawaiigoesdigital.com>

Possible DTV Delay Roils Mobile Operators

Faster wireless broadband in the U.S. may be held hostage to the already lengthy transition to digital TV.

Stephen Lawson, IDG News Service

Thursday, January 15, 2009 06:00 PM PST

Faster wireless broadband in the U.S. may be held hostage to the already lengthy transition to digital TV if the deadline for shutting down analog broadcasts is pushed back, according to critics of an extension.

TV stations are required to move all their programming to digital channels after Feb. 17 as part of a process in which valuable frequencies in the 700MHz band will be turned over to mobile broadband providers. The federal government has been trying to prepare consumers for the change for years, but the incoming administration of President-elect Barack Obama has recommended an extension of the deadline. The National Telecommunications and Information Administration (NTIA), which had a US\$1.3 billion budget for coupons to help consumers buy digital converter boxes for analog TVs, has said that program has run out of money.

The first step in the transition took place Thursday as TV stations in Hawaii were to go all-digital by a special early deadline. Hawaii made the change early to coincide with a move from one antenna site to another on the Big Island. TV stations are moving their towers down from the slopes of the Haleakala volcano in advance of the nesting season of an endangered bird, the dark-rumped petrel, said Linda Brock, vice president of programming and community relations at the Public Broadcasting Service (PBS) in Hawaii.

"So far, so good," Brock said of the transition, less than an hour after the deadline at 11 a.m. Thursday. An FCC representative in Hawaii was not immediately available for comment on the consumers' reaction to the shutdown of analog TV.



The nation's two biggest mobile operators, Verizon Wireless and AT&T, both plan to use 700MHz spectrum for the next generation of mobile broadband, based on LTE (Long-Term Evolution) technology. Earlier this week, Verizon Communications said a delay could hold up deployment of the Verizon Wireless LTE network, which is scheduled for its initial rollout this year. AT&T said it would support a three-month delay but not more, with an assurance of no further extensions. Both companies voiced their concerns in letters to lawmakers including U.S. Senator Jay Rockefeller of West Virginia and Representative [Henry Waxman](#) of California, who reportedly are considering legislation to extend the deadline.

The two carriers' positions reflect their disparate plans for LTE, according to Nadine Manjaro, a wireless analyst at ABI Research. Verizon is more anxious to gain control of its 700MHz frequencies and roll out LTE because it has less

room to grow on its current 3G network, she said. That network, based on EV-DO (Evolution-Data Optimized) technology, has a theoretical maximum downstream speed of just 3.1Mb per second for a band 5GHz wide. AT&T is using HSDPA (High-Speed Downlink Packet Access), which can deliver as much as 48Mb per second in the same size band, she said. (The carriers control how that capacity is divided up among individual subscribers.)

With its goal of starting LTE rollouts this year, Verizon has good reason to oppose an extension of the deadline, Manjaro said. The carrier will be deploying a new technology on frequencies it's never used before, on top of having to work out coverage issues for a flagship network. If analog TV stations linger in areas where Verizon is building or testing a network, that could hold back the project.

"It's going to be challenging enough for them to roll out LTE without those issues," Manjaro said. "You never know, when you roll out a network, what the problems are going to be."

One possible solution would be to force a transition to digital TV early in the one or two markets where Verizon first wants to make LTE available, Manjaro said, though that could run into its own political complications.

Before Sprint Nextel launched its first commercial WiMax network in Baltimore at the end of September 2008, it spent months building and testing the networks in its initial target cities. Sprint WiMax networks in two of those cities, Chicago and Washington, D.C., still aren't open for business. Sprint's WiMax business was going through a complex merger with Clearwire at the time, which was completed in December. But in Verizon's case, the technology arguably is even newer.

AT&T, by contrast, probably won't roll out LTE until 2011, Manjaro said. But that company was forceful in its letter to Congress. The terms of new holders' spectrum licenses should be extended by the length of the delay, and if their frequencies are used by others during that term, the licensees should be reimbursed, AT&T said.

Each company pointed out that it paid the government billions last year in an auction for 700MHz spectrum licenses nationwide: In AT&T's case about \$6 billion, and in Verizon's case more than \$9 billion.

1998-2008, PC World Communications, Inc.

Gutierrez asks for \$250M, House offers \$650M



Carlos Gutierrez

Commerce Secretary 15 January, 2009 03:34:00

Carlos Gutierrez has asked the two Commerce Committee chairs, Jay Rockefeller (D-WV) and [Henry Waxman](#) (D-CA) for \$250M to bridge the current converter box coupon problem, noting that his request would keep the DTV transition on track for 2/17/09 and may not even go over the total \$1.5B already budgeted. Meanwhile, according to Reuters, Democrats in the House are looking to throw \$650M at the problem.

“I am writing to urge no delay in realizing the benefits of this important initiative, and to offer the

Administration’s continued assistance in ensuring a successful digital transition,” wrote Gutierrez. He noted the high level of consumer awareness of the DTV deadline date, which he does not want to toss away. He also noted that there is unlikely to be a 100% coupon redemption rate, meaning that in fact there is still plenty of cash available to honor coupons, if the bookkeeping hurdle can be overcome.

So he’s merely asking for \$250M in budget authority, which is not the same as asking for \$250K cash. “As a result, NTIA could issue over 6 million coupons in the near-term, and up to another 3.5 million through the end of the program, as funds from expired coupons cycle back into the program, while maintaining costs within, or very close to, the \$1.5 billion currently authorized for the Program.”

Research company Centris, which has long predicted troubles in fringe areas connected to the transition, says it expects 8.5M households are in areas that will experience difficulty maintaining broadcast television service with existing aeriels or experience other technical difficulties. It claims that number is only slightly less than the 9.2M households it predicted to be in this group at the beginning of 2008.

Centris President Bill Beaumont said, "Centris has been studying this issue for several years. We believe there is a continuing marketing opportunity for service providers, manufacturers and retailers that develop targeted, local marketing programs. We expect this opportunity will not end on February 17, 2009 but continue well into the year as consumers embrace new service providers and seek new TV

reception solutions."

RBR/TVBR observation: Centris numbers have been in dispute all along. Are they right? Engineers at the FCC haven't seemed to think so. As for the cash, we'd go with the \$650M, and divert a healthy chunk of it to contracting telemarketing firms to man the phones on February 17 and for about a week thereafter.

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Committee



Rantworthy: A Congressional Sketch

January 15, 2009

It looks as if our tip line is working overtime these days. The latest tip comes in the form of a rant. Our favorite part, the “Global Warming” musical.

A Congressional Sketch

Is it getting hot in here? (Yes)

Outside, the first snow of winter dusted Washington streets and a 10-degree low was coming, but inside the big congressional hearing room the climate was decidedly warmer as the U.S. Climate Action Partnership brought its traveling press conference to the [House Energy and Commerce Committee](#).

Thursday’s worst kept secret in town was the USCAP cap-&-trade proposal, which had found its way to [The Washington Post](#) the day before — standard PR for Washington — but not to the committee until 7:30 that morning and “embargoed until 9 a.m.” at that. But what the hey? Patent medicine never turned sour just because the bottle was uncorked early.

9 a.m. was a convenient moment for the embargo to evaporate because that’s when USCAP had scheduled its first news conference of the day. Then it picked up and hauled itself down Independence Avenue for the next press availability...uh, hearing.

In fact, what unfolded in Room 2123 of the Rayburn Building was a true hearing, complete with witnesses called to testify. Except it wasn’t the sort of hearing that happens by the hundreds around the Capitol on most workdays.

This time the majority Democrats’ message to the minority Republicans was pointedly less democratic than Democratic, i.e., sorry, you don’t get to call any witnesses unless they can answer questions about a document that nobody will give them; so we’ll all just make do with the mega-enviros and corporate honchos supplied by USCAP’s lobbying operatives from 10:30 a.m. to 12:30 p.m., when it’s time for their planes to start flying them away to far places.

The usual opening statements by committee members launched at 9:15 a.m., but USCAP was in town to talk, not listen, so while the Congress spoke, the 14 witnesses were engaged with the press elsewhere. Their absence didn’t dissuade junior committee Democrats from telling 14 empty chairs what fine work USCAP had been accomplishing.

There was much looking forward.

“I look forward to being back when our witnesses will testify,” U.S. Rep. Jane Harman, D-Calif., told the furniture, because “USCAP will help us create legislation.”

“I look forward to hearing from each of today’s witnesses,” added U.S. Rep. Doris Matsui, D-Calif.

“I look forward to the testimony today, and applaud the members of USCAP,” U.S. Rep. Zack Space, D-Ohio, said.

U.S. Rep. Betty Sutton, D-Ohio, seemed more rooted in the present, pointing out to the chairs that it “is critically important to have these folks here today.”

Returning to the theme, U.S. Rep. John Sarbanes, D-Md., concurred that “I look forward to hearing these witnesses from USCAP” and “we really don’t have any time to wait, and humans are capable of delaying on all fronts.”

The humans showed up to populate the witness table 20 minutes later.

USCAP’s amalgamation of political activism and corporate lobbying wasn’t always the darling of happy liberals. Last summer, National Public Radio took a look and seemed less impressed. A Morning Edition piece reported that...

“In this debate of economic theory versus business bottom-line, one big advocate of cap-and-trade is USCAP, the alliance of 21 corporations plus some environmental groups. Economist Bruce Yandle, dean emeritus of the business school at Clemson University in South Carolina, calls it a union of ‘bootleggers and Baptists.’ Yandle refined the ‘bootleggers and Baptists’ theory of government regulation years ago. He named it in honor of those most dedicated to closing small-town liquor stores on Sundays.

“The bootleggers love it because it gives them a market one day of the week, and the Baptists like it because of a fervent belief that a diminution in the consumption of alcohol would be a good thing.’ Nowadays, the environmental groups are Yandle’s ‘Baptists,’ and the corporations are his ‘bootleggers.’ And if cutting America’s thirst for fossil fuels is a good thing, the corporate ‘bootleggers’ want to help set the agenda.” — Morning Edition, June 13, 2007

At hearing’s end, bootleggers and the prohibitionists headed for their cars and airplanes, but some of the issues they left on the table remained murky. No one mentioned how much cash coalition-member American International Group (AIG) had contributed to the lobbying effort, and how much of that might be coming from the insurance giant’s \$85 billion government bailout. Perhaps because the delicate sensibilities involved in using its bailout billions to lobby Congress on global warming, AIG hadn’t turned up at either Part 1 or Part 2 of the movable news conference.

As the big room emptied of witnesses, questioners, cameras and reporters, in a corner a staffer with a notepad sat and hummed an old show tune and wrote down some words:

Global Warming, the Musical

*Well, look what’s comin’ down the river now.
Big stern-wheeler on the water, wow!
Big steam whistle gonna blow, man, blow.
Heat wave’s a-comin’. Let the people know!*

*Shooooooooow-boat!
Movin’ loud and fast,
emittin’ just a tiny bit a
green-house gas.*

*Shooooooooow-boat!
Strutin’ for the crews
shootin’ big stories
for the evenin’ news.*

Written by 15 minutes · Filed Under [Rantworthy](#)

LAS VEGAS SUN

CES:

Digital conversion delay hot topic at 2009 CES



Steve Marcus

TV shakeup: John Taylor, right, vice president of public affairs and communications for LG Electronics USA, holds a digital TV tuner during a discussion on the national transition to digital broadcast television, as Roger Goldblatt, outreach and policy adviser for the Federal Communications Commission, looks on at the 2009 Consumer Electronics Show in Las Vegas on Jan. 9.

By [Mark Hansel](#)

Fri, Jan 16, 2009 (2 a.m.)

President-elect Barack Obama turned a lot of heads recently when, through his transition team, he asked Congress to postpone the shut-off of analog TV broadcasts, scheduled for Feb. 17.

In a letter to the Senate Commerce Committee and the [House Energy and Commerce Committee](#), John Podesta, co-chairman of the transition team, cited the lack of funding for a converter box coupon program

and insufficient consumer support and education.

The \$1.34 billion digital converter box coupon program was designed to allow for two \$40 coupons for every household that required the kit. Consumers without a digital television, cable access or a satellite service will need the converter box to view even network television after Feb. 17. With the conversion date a month away and 1 million people still on the waiting list, however, the fund has been exhausted.

Despite a comprehensive education campaign by the Federal Communications Commission, cable service providers, retailers and local television stations, there are still millions of Americans who are likely to be without access to a television signal if the switch takes place Feb. 17.

Panelists last week at a Consumer Electronics Show session that focused on the digital transition agreed with that assertion. They also said, however, that a delay would probably not make much of a difference for the people who have not yet purchased converter boxes, but would seriously disrupt the conversion plans.

The panel included Roger Goldblatt, outreach and policy adviser for the FCC; John Taylor, a vice president at LG Electronics; Mike Vitelli, an executive vice president at Best Buy; and Gary Arlen, president of Arlen Communications, who moderated the discussion.

“We are going under the belief that the Feb. 17 deadline will be the transition unless we hear anything different,” Goldblatt said. “The FCC just does what Congress tells it to do.”

The problem with allowing more time, Goldblatt said, is that for more than three years, all efforts have focused on this transition date. All of the public service announcements, literature and information sessions have identified this as the date and a delay would not be fair to the networks, the cable providers or the companies that are awaiting access to the airwaves that will be freed up by the digital transition.

Verizon Wireless, for example, has spent \$9 billion for airwaves, which it plans to use for wireless Internet service and hopes to have the network set up by the end of the year. A delay of even a few months could seriously disrupt that schedule.

The problem is not in identifying which groups of people are not up to speed on the digital transition. Goldblatt said the five demographic groups most likely to not know about the transition are low-income people, senior citizens, the disabled, those living on tribal lands and non-English speaking people.

The challenge is finding a way to reach those groups.

The government Web site set up to provide answers has been translated into more than 20 languages, including such obscure dialects as Creole and Yupic. There have been town hall meetings, dry runs in select cities and literally hundreds of information sessions.

Goldblatt admitted that short of a nationwide cessation of all television transmissions, which is not economically feasible, there is no way to get the transition message out to the people who these efforts have not reached. The transition team said that despite the extensive efforts, the failure to get the message out to these groups is ample reason to request a delay.

Television has become the primary source of information for many people, and the groups identified have less access to alternate sources, such as the Internet. Because of this, the transition team says a disruption in television service to these groups, even for a short period, is unacceptable. The issue will likely be

settled by Congress within the next few weeks.


Whether it happens Feb. 17, or after that, the digital transition will occur soon, and there are a few things people should be aware of that might make the switch easier.

Those who have a converter box already do not have to wait until the transition date to hook the boxes up. Television stations have been broadcasting in analog and digital simultaneously, so the box will work now. By hooking the boxes up in advance, users can perform any troubleshooting necessary before the transition date.

It is also important for consumers to understand the lack of coupons does not equate to a shortage of converter boxes. Consumers who are not yet prepared for the transition can purchase a box at many stores by paying full price. Although there are still plenty of boxes available, eventually there will be a decrease in the demand and retailers will cut back on in-store stock.

Consumers with a spare bedroom or a summer home without cable access should probably plan ahead and either buy a converter box now, or get put on the waiting list for a coupon. If more funds are allocated for the converter box program, coupons will be distributed on a first come, first served basis.

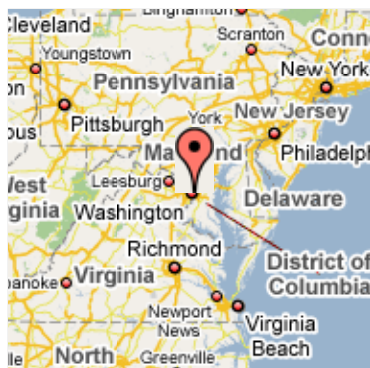
People should also be aware a high definition television is not the same as digital tuner. A digital tuner allows access to a digital transmission, while high definition television has to do with picture quality. While new television sets will have both, consumers should be sure that their high-definition TV is also set up to receive the digital transmission. Without this capability, and unless they have a converter box, cable access or a satellite dish, all they will get after the transition is very high quality snow on the screen.

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High risk medical devices escaped close review

By RICARDO ALONSO-ZALDIVAR – 14 minutes ago

WASHINGTON (AP) — Some medical devices for sensitive uses, from certain hip joints to a type of defibrillator, have won government approval without a close scientific review, congressional investigators said Thursday.

Although Congress ordered the Food and Drug Administration years ago to resolve the issue, the agency approved 228 medical devices without a full scale review from 2003-2007, the Government Accountability Office said in a report.

Some devices approved under the less rigorous process have been recalled because of malfunctions and other problems, according to the consumer group Public Citizen. One device was an external defibrillator to assist heart attack victims.

The report comes as the FDA's Center for Devices and Radiological Health is the subject of allegations that scientists were pressured to approve medical machinery against their professional judgment. Nine FDA scientists wrote the Obama transition team last week complaining that a "corrupted" review process is putting public health at risk.

The allegations are a separate matter from the concerns raised in Thursday's report. But taken together, they probably will raise the level of congressional scrutiny over the FDA's medical devices branch.

"GAO's investigation confirms my concerns that the approval process for medical devices is woefully inadequate," said Rep. [Frank Pallone](#), who heads the [House Energy and Commerce Committee's health panel](#). "For years, Congress has required high-risk medical devices to undergo stringent premarket review, but GAO's findings show that is simply not happening in every case."

Pallone, D-N.J., said he intends to hold hearings on the FDA's oversight of medical devices. The GAO did not look into whether any patients were harmed as a result of devices that got less government scrutiny.

The root of the problem seems to be that the FDA never fully carried out the intent of a decades-old change in the law.

Medical devices include everything from tongue depressors to silicone breast implants and pacemakers. In 1976, Congress set up a three-tiered classification system for devices.

Manufacturers of low-risk devices such as bandages and reading glasses could get cleared by notifying the FDA before going to market. High-risk devices such as pacemakers and heart valves would have to go through tighter scrutiny, and their manufacturers were required to provide evidence of safety and effectiveness. Devices classified as high-risk tended to be ones that are implanted in the body or could spell the difference between life and death.

An exception was carved out for new versions of high-risk devices already on the market.

Manufacturers could get approval by convincing the FDA that these devices were "substantially equivalent" to their precursors. In 1990, Congress ordered the FDA to end the practice, but it has continued even as generations of technology have come and gone.

The report urged the FDA to promptly resolve the problem, either by carrying out full reviews or reclassifying some devices as lower risk, if appropriate.

The FDA acknowledged the problem, but has not set a timetable for resolving it. "In general, we agree with the conclusions and recommendations," said spokeswoman Karen Riley. "We are considering a legal procedure that would give us the opportunity to accomplish this objective."

The GAO report found that two-dozen distinct types of devices approved without close scrutiny, including metal hip joints, external defibrillators, and electrodes for pacemakers.

"It all adds up to less-than-rigorous device review, and it's placing tens of thousands of

Americans at risk," said Peter Lurie, deputy director of Public Citizen's health research group.

On the Net:

- GAO report: <http://tinyurl.com/73nyhl>

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MARC AMBINDER

A REPORTED BLOG ON POLITICS

Heavy Hitters Line Up For Health Care

15 Jan 2009 11:20 am

Despite pessimism in some quarters that the economic crisis will prevent President-elect Barack Obama from signing universal health care legislation in 2009, his administration is preparing a public relations blitz.

Linda Douglass, the former television journalist and current chief inaugural spokesman, will be the public affairs chief to Ex-Sen. Tom Daschle at the Department of Health and Human Services.

Jenny Backus will be a senior strategic counselor to Daschle.

And Dr. Sanjay Gupta, the CNN medical editor and Emory University neurosurgeon, has accepted the position of Surgeon General with the knowledge that the administration plans to use him as a chief surrogate for health care legislation.

The goal is to begin extensive, public hearings immediately; the administration hopes that Congress will pass a bill by the fall.

Though Obama laid down specific reform principles during his campaign, pressure groups are fiercely lobbying the administration to change its mind about the wisdom of a single-payer system, where the government would bear all costs through Medicare. Sen. Edward Kennedy and Rep. **John Dingell** support this approach. Obama still prefers a mixture of expanded government programs and private insurance options; undecided, for now, is whether he will require all adults to purchase insurance.

On Wednesday, the House overwhelmingly approved a significant expansion of S-CHIP, government insurance for children; the Senate will pass the same bill soon. President Bush vetoed it twice. Additionally, Obama and Congressional Democrats want to use the stimulus package to provide a downpayment on health system modernization.

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NEWS THAT GETS TO THE POINT

Scalise of La. named to House Energy Committee

BATON ROUGE, La. -- Congressman [Steve Scalise](#) of Jefferson Parish has been assigned to the [House Energy and Commerce Committee](#).

The panel has oversight of national energy policy, consumer affairs and biomedical research and development.

Scalise also serves on the transportation and veterans affairs committees. His office announced the new energy and commerce assignment on Thursday.

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THE WALL STREET JOURNAL.

WSJ.com

OPINION | JANUARY 16, 2009

An Auto Show for Congress

At least Ford doesn't seem eager to go on the dole.

By **PAUL INGRASSIA**

Detroit

As the new Congress and the Obama administration prepare to put their stamp on the Detroit bailout, they'll need a proper name with a catchy acronym for whatever new law they pass.

They might consider Government Restructuring of the Entire Automotive Terrain. Except that even proponents of this bailout don't consider this situation to be GREAT. Another possibility would be Government Restructuring and Automotive Bailout, or GRAB. Which is what will happen when the bondholders, the union and the dealers, the environmental groups and other "constituencies" battle -- as they surely and understandably will -- for their respective interests. The fighting will be fierce, and perhaps even fatal, unless the new law provides the companies with relief from contractual obligations, as they would get in an ordinary bankruptcy filing.

In any event, GREAT, GRAB or whatever they call the new auto-rescue law will come fast on the heels of the annual Detroit Auto Show, which opens to the public on Sunday. I attended the press preview this week, and came away with the feeling that this year's show is somehow surreal, sad and exciting all at the same time.

It's surreal because the show occurs at a time when the industry's crisis threatens the viability of several car companies, especially General Motors and Chrysler, which have become the first two to accept government financial aid (aka welfare). The sense touring the show floor, attending the press conferences, and talking to industry executives is that everyone had one eye on the cars and the other on Washington -- which is where the real auto show is taking place. That's another way of saying that, unfortunately, the events that will shape the industry's immediate future are occurring in the nation's capital instead of in Detroit's factories, the design studios, or on the showroom floors.

The show is sad because it might well be the last for Chrysler, a company with a great tradition and a storied history. In years past, Chrysler's display area at the auto show had featured indoor waterfalls and stunt-artists rappelling down from

the ceiling -- marketing hype that might have been excessive, but that also defined an outfit that took pride in showing some swagger. This year, Chrysler's display consisted only of assorted vehicles -- none of them really new -- parked on a wrinkled rug.

Chrysler invented the minivan, popularized the Jeep, and basically defined the corporate comeback with its resurrection from near-death led by Lee Iacocca in the early 1980s. The two men who currently share the titles of vice chairman and president, Jim Press and Tom LaSorda, are talented executives with remarkable records of accomplishment at other car companies.

Mr. Press led Toyota through years of rapid and successful growth in the U.S. market, and built the Lexus brand into America's luxury-car leader, before jumping to Chrysler in 2007. He made that ill-timed move after being lured by Cerberus, the New York private-equity firm that had acquired Chrysler.

As for Mr. LaSorda, as a young manufacturing man at General Motors in the early 1990s he took over a car plant in eastern Germany that previously made the Wartburg, the "upscale" version of the socialist-shoddy Trabant. There he transformed the plant and its communist-trained work-force into a model of efficiency and quality. Imagine that. Mr. LaSorda understood working people with the unique insight of a man who had grown up as the scion of prominent leaders of the auto-workers union in Canada.

But at Chrysler, these two men inherited years of neglect by Daimler-Benz, which had owned Chrysler during the decade before Cerberus, that was compounded by the naivete and unfortunate timing of the New York private-equity financiers. Outstanding careers built on decades of hard work shouldn't face potential culminations under such unfortunate circumstances.

Amid the surreal sadness, however, there was undeniable excitement. Despite the gloom and doom, this is, after all, a car show. It features lots of gleaming metal, pretty models (a specialty of the Italian marques), and increasingly impressive displays of such new technology as hybrid cars, electric-powered vehicles and the like.

A Chinese car company named BYD came out of nowhere to display a new plug-in hybrid car that's already on sale in China and is supposed to come to America in two years. Plug-ins rely more on electricity than the current gas-electric hybrids. Another plug-in is the new Fisker sportscar, built in Finland and backed by Silicon Valley financiers. Think of it as an environmentally friendly Corvette.

Toyota unveiled its third-generation version of the Prius, the car that put gas-electric hybrids on the map. It has more power, better acceleration and yet better fuel economy than the second-generation car -- 50 miles per gallon in combined city-highway driving, up from 46 mpg previously. But the Prius will face stiff competition from the new Honda Insight, which the company promises will be the "most affordable hybrid" sold in America. When both cars go on sale this spring, expect the Insight to be priced right around \$20,000, or some 20%

lower than Prius unless Toyota unexpectedly cuts prices.

Both cars, meanwhile, might face credible competition from the new Ford Fusion mid-sized hybrid. It is a larger car than either the Prius or the Insight, but still will deliver 41 mpg in combined city-highway driving according to the government fuel-economy rating.

The potential pleasant surprise from Detroit this year might -- just might -- be the performance of Ford. It is the only Detroit car company not to take government bailout dollars, at least so far, though it has left the door open to doing so. CEO Alan Mulally's strategy is simple in concept: Focus on reviving the core Ford brand in the U.S.

To that end the company has sold Jaguar and Land Rover, would like to sell Volvo, and has put its Lincoln and Mercury brands on the back burner for now. Besides the Fusion hybrid, Ford is introducing at the Detroit show an attractive new version of the Taurus sedan, a nameplate that the company almost let die a few years ago. It's also launching a fresher, faster version of the Mustang.

By not trying to do everything at once, Ford is making some impressive strides. Its quality now exceeds that of Toyota, according to Consumer Reports, the bible of the informed American car buyer. This includes not only quality measured immediately after a car's purchase, but also the more-important metric of long-term durability. Only five or six years ago, Ford's quality was sagging badly.

Ford, to be sure, still has some of the same structural problems that beset General Motors and Chrysler. But it would be great to see one of the Detroit car companies get through 2009 without going on the dole.

Mr. Ingrassia, a former Detroit bureau chief for this newspaper, won a Pulitzer Prize for his coverage of the auto industry.

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THE WALL STREET JOURNAL.

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JANUARY 16, 2009

Stimulus Package Unveiled

\$825 Billion Plan Includes Business Tax Breaks; Senate Releases Cash for Bank Rescues

By [NAFTALI BENDAVID](#), [ELIZABETH WILLIAMSON](#) and [SUDEEP REDDY](#)

WASHINGTON -- House Democrats Thursday rolled out the details of an \$825 billion economic stimulus package to combat what they called "a crisis not seen since the Great Depression," but its immediate economic impact is unclear and the plan faces hurdles before becoming law.

Details of the two-year package, which calls for \$550 billion in new spending and \$275 billion in tax relief, will likely change as the bill works its way through Congress. But the document provides the first blueprint of how President-elect Barack Obama and congressional Democrats plan to fight the historic economic downturn, which has already wiped out 2.6 million jobs.

Businesses would get "bonus" depreciation for investing in new plants and equipment. The proposal also allows companies that have losses this year to get refunds for taxes paid as far back as 2003; current tax rules allow losses to be carried back only two years. But companies receiving money from the financial-system bailout program are ineligible for the tax provision, a blow for some of the nation's big banks and troubled auto makers General Motors Corp. and Chrysler LLC.

The stimulus plan was released hours before the Senate backed Mr. Obama on another key measure by approving the Treasury's call for the release of the second half of the \$700 billion financial-system rescue package. That program is being replenished as Bank of America Corp. was near an agreement with U.S. officials that would provide it with \$15 billion to \$20 billion of fresh capital.

The plan would be one of the largest single government expenditures in U.S. history, and would be equivalent to about 3% of gross domestic product over two years. The proposal is \$125 billion bigger than the controversial bailout for the financial-services industry. It outweighs in dollar terms all other nations' stimulus plans, though China's \$600 billion stimulus is a larger share of its economy.

Democrats said they emphasized government spending over tax relief because that was the best and fastest way to create jobs. Rep. David Obey (D., Wis.), chairman of the House Appropriations Committee, warned that the package may

be insufficient -- and said another spending bill may be needed later this year.

Some of the biggest expenditures will go directly to the states, with \$90 billion going to increase the federal share of Medicaid payments and an additional \$79 billion to help states avoid cutbacks in education and other services. Separately, \$43 billion will go for transportation improvements -- less than many expected, to the frustration of some Democrats.

The plan also includes Mr. Obama's "Making Work Pay" tax credit of \$500 per worker and \$1,000 for couples.

Economists say the stimulus may be more effective at supporting an ultimate recovery than arresting the current decline. That's because few elements of the package would hit the economy before the second half of the year, with the largest boost coming in late 2009 and into 2010.

By then the U.S. is expected to show slow growth, as a result of other stimulus from the Federal Reserve and Treasury. The unemployment rate, which hit 7.2% in December, is widely expected to hit 8% by the end of the year -- but without any stimulus, some economists fear it could rise into double digits.

Macroeconomic Advisers, a forecasting firm, estimated Thursday that a plan of \$775 billion stimulus over two years would boost GDP by 3.2%, reduce the unemployment rate by 1.7 percentage points and raise employment by 3.3 million jobs.

The Democrats' plan provides incentives for businesses to make capital expenditures. The "bonus" depreciation provision, for example, would provide immediate relief for businesses that invest in new plants and equipment by speeding up depreciation deductions. The package doubles the amount small businesses can immediately write off for capital investments and for purchasing new equipment and includes incentives for businesses to invest in renewable energy.

The transportation and energy projects in the package could have among the slowest impact on the economy, economists said. Even "shovel-ready" projects could be delayed as local and state governments allocate funds, receive bids and award contracts.

The quickest effect, in contrast, could come from tax cuts, particularly if the government reduces payroll taxes immediately to get funds to taxpayers. That could raise spending and get money flowing through the economy quickly, even if some of the funds are likely to be saved rather than spent.

The plan's final shape will depend not only on horse-trading among lawmakers in the House and Senate, but also on the outcome of the lobbying frenzy now under way.

Already some winners and losers are emerging. Among the potential losers are big banks and other businesses that have received government money under the Troubled Asset Relief Program, the \$700 billion program designed to bail out

the financial-services industry. Companies that took TARP funds are excluded from the provision allowing companies to apply current losses to tax returns filed in the past five years, instead of the current two.

"To exclude TARP recipients is to ignore a large segment of the economy," said Scott Talbott, senior vice president for government affairs at the Financial Services Roundtable.

Renewable energy producers also stand to be big winners in the bill, winning an extension of production tax credits that are newly convertible into cash for companies whose losses leave them unable to use the credits.

Power-equipment maker General Electric Co. lobbied for a slew of provisions in the bill and won several, including the production tax credit for renewables, \$32 billion for a "smart" U.S. electrical grid for which it manufactures most components; and \$300 million for rebates for consumers who buy energy efficient appliances, which GE sells.

Some green advocates didn't fare so well. The Natural Resources Defense Council had compiled a list of more than 80 environmentally friendly infrastructure and transportation projects worth about \$405 billion, more than half the bill's total. The group -- a coalition with 1.2 million members -- says it is concerned about the relatively small number of these projects included.

The discord over the transportation piece of the plan is just one of many political obstacles the plan faces, despite the urgent desire of Mr. Obama and congressional Democrats to pass it by mid-February.

Republicans wasted little time pointing out items they said in no way qualified as emergency stimulus spending, such as \$650 million to help television viewers convert from analog to digital. House Minority Leader John Boehner (R., Ohio) took a swipe at several items, including \$400 million the plan sets aside for "national treasures," including repairs of the walls of the Tidal Basin near the Jefferson Memorial.

"What we're seeing is disappointing," said Mr. Boehner. The package, he said, "appears to be grounded in the flawed notion that we can simply borrow and spend our way back to prosperity."

But the costly initiative also may split Democrats. Many newer Democratic members of Congress hail from conservative areas and are deeply concerned about fiscal discipline.

Recognizing the political pitfalls, Democrats announced an unusual series of spending safeguards for the plan. Governors and mayors will have to personally certify that every expenditure under their jurisdiction is appropriate. Program managers will be listed online so the public can hold them accountable. A special board will monitor the plan's operation.

—Greg Hitt and Christopher Conkey contributed to this article.

Energy/Environment

washingtonpost.com

Disposal of Coal Ash Rises As Environmental Issue

Recent Spill Spurs Proposals for Tighter Controls

By Juliet Eilperin
Washington Post Staff Writer
Friday, January 16, 2009; A04

In less than a month, the question of how to dispose of coal combustion waste has gone from a largely ignored issue to a pressing national environmental concern that has already sparked legislative proposals and the prospect of new regulation.

Since the Dec. 22 coal ash spill at the [Tennessee Valley Authority's](#) Kingston Fossil Plant, which poured a billion gallons of toxic material over 300 acres, lawmakers and regulators have said that the federal government should revisit an issue it has deliberated on for three decades. Although President-elect [Barack Obama](#) has identified climate change as one of his top policy priorities, addressing coal ash may come first.

Burning coal produces more than 129 million tons annually of combustion waste -- a concentrated ash that includes toxic elements such as arsenic, lead, cadmium, selenium and mercury -- but federal authorities have yet to establish uniform standards for handling it.

"The threats are out there, and we know it now. And we also know how we need to address them," said [House Natural Resources Committee](#) Chairman [Nick J. Rahall II](#) (D-W.Va.), who introduced legislation this week calling for tighter controls on coal ash ponds, which are piles of combustion waste suspended in water. "As we often see in the coalfields across the country, it takes a disaster before we see decisive action."

Congress initially raised the prospect of regulating coal ash as a hazardous waste in 1980, but regulators moved slowly until March 2000, when the [Environmental Protection Agency](#) said it planned to designate it a "contingent hazardous waste." After electric utilities protested that such a move would cost billions, however, then-EPA administrator [Carol M. Browner](#) reversed herself and determined that coal ash amounted to a solid waste. The agency pledged to issue regulations on the matter nonetheless, but it failed to do so in the eight years since [President Bush](#) took office.

The amount of coal combustion waste produced each year has increased by nearly a third since 1990, and there are now as many as 1,300 coal ash ponds across the nation. According to a report issued yesterday by the environmental law firm [Earthjustice](#), each year about 25 million tons of coal ash are dumped into active and abandoned mines, where it often goes directly into groundwater. The EPA determined last year that coal ash has contaminated water in 24 states.

Lisa Evans, an Earthjustice attorney, said mining communities that already confront other environmental threats are faced with another source of contamination that may pollute their water for years.

"The last thing these communities need is a toxic waste dump where their mine was," said Evans, adding that in filling old mines with coal ash, "there's a very simplistic notion that you're returning coal to where it came from, so it's not going to cause any problems."

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Matthew Hale, who directs the EPA's solid waste office, said that although the agency has yet to issue formal coal ash regulations, "We will be bringing this forward very quickly to reach a decision on the path forward, and that's the time when we'll be able to have a timetable. . . . Clearly, the dam failure at TVA puts a sense of urgency on the issue of addressing the stability of the dams."

[Sen. Barbara Boxer](#) (D-Calif.), who chairs the Environment and Public Works Committee and held a hearing last week on the issue, asked EPA administrator-nominee Lisa P. Jackson on Wednesday during her confirmation hearing what she would do to police coal ash ponds and other storage sites that have gone unregulated.

Jackson pledged to conduct an immediate inventory of the deposits if confirmed and added, "The EPA currently has, and has in the past, assessed its regulatory options, and I think it is time to re-ask those questions."

The EPA already has options at its disposal, said Earthjustice's Evans, who formerly was a lawyer in the agency's enforcement division, because the agency has the power to investigate any potential hazard to public health and the environment. Furthermore, she said, it can take action if it determines there is a threat of "imminent and substantial endangerment" from solid waste.

Even as lawmakers and regulators begin to contemplate how they can crack down on the storage sites -- Rahall's bill would impose a uniform federal design along with engineering and performance standards on new coal ash ponds, while groups such as Earthjustice and the Environmental Integrity Project are calling for the elimination of the impoundments altogether -- industry officials say federal authorities should pause before classifying coal ash as hazardous.

David Goss, executive director of the American Coal Ash Association, said 43 percent of the material is currently recycled for purposes such as agricultural landfill and road projects, and designating coal combustion waste as hazardous could make that impossible.

"When it's managed properly, it doesn't pose a risk to the environment or public health," he said.

Still, officials of the utility industry recognize they may have to spend more to manage a byproduct they have stored cheaply for years.

Edison Electric Institute spokesman Dan Riedinger, whose association represents several major U.S. utilities, said his group opposes a hazardous waste designation for coal ash but added, "It's too early to rule out other options that can help utilities improve their management practices and provide the public with the reassurance it needs in the wake of TVA."

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Health

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January 16, 2009

Report Criticizes F.D.A. on Device Testing

By [GARDINER HARRIS](#)

WASHINGTON — Most medical devices have never been shown to be safe or effective, and for the riskiest devices this must change, Congressional investigators concluded in a report released Thursday.

The [Food and Drug Administration](#) has promised for decades that it would fix the problem. It has not, leading the [Government Accountability Office](#) to state in the report that “it is imperative that F.D.A. take immediate steps” to fix its system for approving devices.

Consumer advocates responded that the agency was failing to protect the public, and industry groups acknowledged that the system was flawed in many areas.

In recent years, the accountability office, Congress’s auditing arm, has chastised the F.D.A. as failing to put into effect its own plan to protect the nation’s food supply, as failing to adequately inspect the foreign drug plants that provide most of the nation’s medicines and as being so hobbled by bureaucratic infighting that it fails to detect emerging drug dangers.

Each time, the agency has largely agreed with the investigators’ findings and promised to do better. The difference this time is that nine scientists within the agency’s device division are echoing critics’ claims of a corrupted review process.

The scientists have written letters to Congress and to President-elect [Barack Obama](#) seeking significant changes at the agency. The agency and Congress are conducting investigations into their claims.

In a news conference on Tuesday, the agency’s commissioner, Dr. Andrew C. von Eschenbach, a urologic oncology surgeon, likened the agency to a [cancer](#) patient.

“It is a great shock and surprise when someone says you have cancer,” said Dr. von Eschenbach, whose last day on the job will be Friday. “The truth of the matter is that process has been going on for a long time before it became apparent in that particular way.”

As recently as April, Dr. von Eschenbach had declared that the agency was “eminently successful up to this period of time” and that its budget was largely adequate. After repeated drubbings before Congress, he acknowledged that the agency was falling short and that it needed a major and rapid infusion of new money and staff members.

Asked why the Bush administration needed nearly eight years to recognize this crisis, Dr. von Eschenbach said that “sometimes it takes a crisis before” such recognition occurs.

Most medical devices are given quick approvals with minimal testing because manufacturers tell the F.D.A. that the products operate just like older devices that had already been approved.

“So on the one hand, the manufacturer wheels in their new Ferrari to the F.D.A. and says, ‘Look, it’s a car just like the Model T,’” said Dr. Peter B. Bach, a pulmonary physician at [Memorial Sloan-Kettering Cancer Center](#) in New York and a former senior adviser to [Medicare](#) and [Medicaid](#). “Then they go out in the marketplace and say to doctors, ‘Why would you drive anything but a Ferrari?’ This drives up the cost of care without any necessary actual improvement in outcomes.”

Created in 1976, the F.D.A.’s process for approving devices divides the products into three classes and three levels of scrutiny. Tongue depressors, reading glasses, forceps and similar products are called Class I devices and are largely exempt from agency reviews. Mercury thermometers are Class II devices, and most get quick reviews. Class III devices include pacemakers and replacement heart valves.

Congress initially allowed many of the Class III products to receive perfunctory reviews if they were determined to be nearly identical to devices already on the market in 1976 when the rules were changed. But the original legislation and a companion law enacted in 1990 instructed the agency to write rules that would set firm deadlines for when all Class III devices would have to undergo rigorous testing before being approved.

The agency laid out a plan in 1995 to write those rules but never followed through, the accountability office found. The result is that most Class III devices are still approved with minimal testing.

Agency officials told the accountability office investigators that writing the new rules was still important.

“When asked for their time frame for doing so, however, the officials did not provide one,” the report stated.

Dr. Susan Alpert, the chief regulatory officer of [Medtronic](#), the leading maker of heart devices, said that many of the Class III devices that currently receive less scrutiny before approval would, once the agency completed its overhaul, be reclassified as less risky Class II devices.

“So the impression that F.D.A. is approving new technologies with little review is erroneous,” Dr. Alpert said.

Still, she said, “there is no question” that F.D.A. needs to fix its reclassification process.

Dr. Peter Lurie of the consumer group [Public Citizen](#) said that the accountability office’s report “shows the agency has turned a blind eye to many devices, some of them dangerous, by ignoring the statute and failing to reclassify them.”

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washingtonpost.com

Lawsuits Filed Over Rule That Lets Health Workers Deny Care

Regulation to Protect 'Conscience Rights' Called Too Broad

By Rob Stein
Washington Post Staff Writer
Friday, January 16, 2009; A04

Seven states and two family-planning groups yesterday asked a federal court to block a controversial new federal regulation that protects health workers who refuse to provide care that they find objectionable.

In three lawsuits filed in [U.S. District Court](#) in Connecticut, the states and groups sought an immediate court order preventing the regulation from going into effect Tuesday and a permanent decision voiding the rule.

"On the way out, the Bush administration has left a ticking political time bomb that is set to explode literally on the day of the president's inaugural and blow apart women's rights," said Connecticut Attorney General [Richard Blumenthal](#), who filed one of the suits on behalf of his state, California, Illinois, Massachusetts, New Jersey, Oregon and Rhode Island. "This midnight rule is a nightmare for hospitals and clinics, as well as women."

Blumenthal's lawsuit challenges the regulation on several grounds, charging that it is too vague and overbroad and conflicts with other federal laws and state laws. The [Planned Parenthood Federation of America](#) filed a second suit on behalf of its affiliates, while the [American Civil Liberties Union](#) filed sued on behalf of the National Family Planning & Reproductive Health Association, which represents many state and county health departments, among other providers.

"We filed this lawsuit today on behalf of the millions of women whose health care has been put in jeopardy by the Bush administration's parting shot at women's health," said Planned Parenthood President Cecile Richards. "The courts must strike down this unconscionable, unconstitutional last-minute midnight rule."

Rebecca Ayer, a spokeswoman for the [Department of Health and Human Services](#), which issued the regulation in December, said officials "have not had an opportunity to review the lawsuits, and we will respond to the court on any pending litigation. The department followed appropriate procedures to put the regulation in place, and the regulation is fully supported by law."

The regulation empowers federal officials to cut off federal funding for any state or local government, hospital, health plan, clinic or other entity that does not abide by existing federal laws requiring them to accommodate doctors, nurses, pharmacists and other employees who refuse to participate in any care they consider objectionable on ethical, moral or religious grounds.

Conservative groups, abortion opponents and others sought the rule to safeguard workers who refuse to provide such care from being fired, disciplined or penalized in other ways, and they defended the regulation yesterday.

"The regulation is important, because we increasingly are seeing discrimination against health-care personnel who hold religious beliefs having to do with abortion and contraception," said David Stevens, chief executive of the Christian Medical & Dental Associations. "Unless these conscience rights are protected, people are

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going to be driven out of health care."

Women's health advocates, family-planning proponents, abortion rights activists and others say it will create a major obstacle to providing many health services, including abortion, emergency contraception for rape victims, family planning, infertility treatment and end-of-life care, as well as possibly a range of scientific research.

President-elect [Barack Obama](#) has voiced objections to the regulation and could repeal it, and legislation has been introduced in Congress to block the rule, but both of those steps could take months to complete

"We are seeking a court order as quickly as possible," Blumenthal said. "We need this immediate order to prevent confusion and chaos."

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Obama Pledges Entitlement Reform

President-Elect Says He'll Reshape Social Security, Medicare Programs

By Michael D. Shear
Washington Post Staff Writer
Friday, January 16, 2009; A01

President-elect [Barack Obama](#) pledged yesterday to shape a new Social Security and [Medicare](#) "bargain" with the American people, saying that the nation's long-term economic recovery cannot be attained unless the government finally gets control over its most costly entitlement programs.

That discussion will begin next month, Obama said, when he convenes a "fiscal responsibility summit" before delivering his first budget to Congress. He said his administration will begin confronting the issues of entitlement reform and long-term budget deficits soon after it jump-starts job growth and the stock market.

"What we have done is kicked this can down the road. We are now at the end of the road and are not in a position to kick it any further," he said. "We have to signal seriousness in this by making sure some of the hard decisions are made under my watch, not someone else's."

In a wide-ranging 70-minute interview with [Washington Post](#) reporters and editors, the president-elect pledged quick action on the Middle East once he takes office, promised to support voting rights for D.C. residents, and said he will consider it a failure if he has not closed the [U.S. military](#) prison at [Guantanamo Bay, Cuba](#), by the end of his first term in office.

Obama repeated his advocacy of large and immediate government spending and tax breaks on the same day that House Democrats were announcing the details of an \$825 billion stimulus package and the Senate voted to authorize the release of an additional \$350 billion in funds under the [Troubled Assets Relief Program](#).

He said that creating jobs and maintaining national security will be his top priorities and added that his efforts as president should be measured by whether the nation can overcome predicted job losses in the months ahead.

"I don't have a crystal ball," Obama said after being asked when the economy might begin to recover. "Nobody can tell." But he added: "Even with the stuff that we are doing, I think we can still anticipate that 2009 is going to be very tough."

Obama vowed to build a new financial regulatory system that inspires clarity and transparency, and endorsed the broad direction offered yesterday by a group led by former [Federal Reserve](#) chairman [Paul A. Volcker](#), an adviser to the incoming president.

The president-elect also gave his support for legislation that would make it easier for workers to unionize, but he said there may be other ways to achieve the same goal without angering businesses. And while many Democrats on [Capitol Hill](#) are eager to see a quick vote on that bill, he indicated no desire to rush into the contentious issue.

"If we're losing half a million jobs a month, then there are no jobs to unionize, so my focus first is on those

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key economic priority items I just mentioned," he said. "Let's see what the legislative docket looks like."

Obama repeated his assurance that there is "near-unanimity" among economists that government spending will help restore jobs in the short term, adding that some estimates of necessary stimulus now reach \$1.3 trillion.

The president-elect said he believes that direct government spending provides the most "bang for the buck" and that his advisers have worked to design tax cuts that would be most likely to spur consumer and business spending.

But he framed the economic recovery efforts more broadly, saying it is impossible to separate the country's financial ills from the long-term need to rein in health-care costs, stabilize Social Security and prevent the Medicare program from bankrupting the government.

"This, by the way, is where there are going to be very difficult choices and issues of sacrifice and responsibility and duty," he said. "You have to have a president who is willing to spend some political capital on this. And I intend to spend some."

Obama is not the first incoming president to make bold declarations about overhauling the nation's retirement and health-care systems. Both [Bill Clinton](#) and [George W. Bush](#) made similar vows.

Clinton's push for universal health care -- led by his wife, [Hillary Rodham Clinton](#) -- collapsed under opposition from insurance companies and leaders on Capitol Hill. In 1993, Clinton appointed a commission on Medicare and Social Security headed by then-Sens. [Bob Kerrey](#) (D-Neb.) and John Danforth (R-Mo.), but never implemented its ambitious recommendations.

Bush made Social Security reform a centerpiece of his domestic agenda in his second term and, like Obama, pledged to expend political capital on the issue. He recently cited his failed push to allow some younger workers to invest their Social Security money in the stock market as one of the regrets of his presidency.

Five days before taking office, Obama was careful not to outline specific fixes for Social Security and Medicare, refusing to endorse either a new blue-ribbon commission or the concept of submitting an overhaul plan to Congress that would be subject only to an up-or-down vote, similar to the one used to reach agreement on the closure of military bases.

But the president-elect exuded confidence that his economic team will succeed where others have not.

"Social Security, we can solve," he said, waving his left hand. "The big problem is Medicare, which is unsustainable. . . . We can't solve Medicare in isolation from the broader problems of the health-care system."

Medicare, the government health program for retirees and the disabled, is projected to be insolvent by 2019, according to the most recent report by the Social Security and Medicare trustees. Over the next two decades, Medicare spending is expected to double, consuming nearly one-quarter of the federal budget.

Beginning in 2011, Social Security will take in less revenue than it pays out and will be forced to dip into reserves to pay benefits. It is projected to deplete its reserves by 2041, according to the trustees.

"The longer action is delayed, the greater will be the required adjustments, the larger the burden on future generations, and the more severe the detrimental economic impact on our nation," the trustees wrote last year.

In 2007, Medicare spending consumed 3.2 percent of gross domestic product, while Social Security represented 4 percent of GDP.

Obama's call for a financial summit is in part a response to a growing anxiety in Congress, where members are being asked to approve an unprecedented amount of federal spending at a breakneck pace. Aides said it was modeled after a summit Clinton held in 1995 to discuss reforming welfare.

The president-elect has been in frequent conversation with lawmakers, including House [Majority Leader Steny H. Hoyer](#) (D-Md.) and the Blue Dog Coalition of fiscally conservative Democrats, who repeatedly told Obama they would be willing to support his stimulus package only if he pledged not to lose sight of the larger budget picture. Those who will be invited to attend the summit include the Blue Dogs, Senate Budget Chairman [Kent Conrad](#) (N.D.), ranking minority member [Judd Gregg](#) (N.H.) and a host of outside groups with expertise on the topics, the president-elect said.

Obama said he is confident that he can find a way to close the Guantanamo Bay prison while finding a way to deal with and house potentially dangerous detainees. Sources said an executive order will lay out a procedure for closing the facility, but strongly disputed reports that such an order will come on the first day of the new administration.

On Israel, Obama again declined to comment on the violence in the Gaza Strip, repeating his mantra that the United States should have only "one president at a time" when it comes to foreign policy matters. But he promised early engagement on peace in the Middle East.

"I know some people have said, 'You have this big economic crisis on your hands, and so President Obama is going to just put off issues like this until his second term or later in his first term,' " he said. "I don't think we have that luxury."

He added: "That doesn't mean that we close a deal or we have some big grand, you know, [Camp David](#)-type event early in my administration. It does mean that we have a team in place which is hitting the ground and starting to engage constructively."

Obama reacted to questions about the emerging structure of his [White House](#) by displaying confidence in his ability to manage people. He has begun assembling a powerful team of White House counselors who will compete with Cabinet secretaries for influence over the majority of domestic and foreign policy issues.

"The theory behind it is I set the tone," Obama said. "If the tone I set is that we bring as much intellectual firepower to a problem, that people act respectfully towards each other, that disagreements are fully aired, and that we make decisions based on facts and evidence as opposed to ideology, that people will adapt to that culture and we'll be able to move together effectively as a team."

He added: "I have a pretty good track record at doing that."

Staff writers Ceci Connolly and Lori Montgomery contributed to this report.

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THE WALL STREET JOURNAL.

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OPINION | JANUARY 16, 2009

Beware of the Big-Government Tipping Point

Socialized health care fundamentally changes the relationship between citizens and state.

By [PETER WEHNER](#) and [PAUL RYAN](#)

For most of our nation's history, our approach to economics has favored enterprise, self-reliance and the free market. While the American economy has never been entirely laissez-faire, we have historically cared more about equality of opportunity than equality of results. And while Americans have embraced elements of the New Deal, the Great Society and progressive taxation, we have traditionally viewed welfare as a way to help those in dire need, not as a way of life for the middle class. We have grasped, perhaps more than any other nation, that there is a long-run cost to dependency on the state, including an aversion to risk that eventually enervates the entrepreneurial spirit necessary for innovation and prosperity.

This outlook, once assumed, is now under attack due to a recent series of political and economic events.

The first is the unprecedented intervention by the federal government, in the form of a \$700 billion relief package intended for our financial institutions after the credit crisis last September. This was followed by extending billions of dollars of federal assistance to America's auto makers in order to prevent their imminent bankruptcy -- the first emergency bailout that went to companies outside the financial sector. We understand why the federal government did this, and even supported legislation that, while hardly perfect, prevented an economic meltdown.

Nonetheless, the consequences of this undertaking are enormous. Not only has the size of the expenditures been staggering -- there is talk of another stimulus package worth an estimated \$825 billion -- but we are witnessing a fundamental transformation of government's relationship with the polity and the economy.

The last several months are a foreshadowing of a new era of government activism, rather than an unfortunate but necessary (and anomalous) emergency action. We will soon shift from a market-based economy to a political one in which the government picks winners and losers and extends its reach and power in unprecedented ways.

This shift is exemplified by the desire of President-elect Barack Obama and the

Democratic Congress to push us toward government-run health care.

For all his talk of allowing consumers to select their own health-care coverage, Mr. Obama's proposal, as he laid it out in his campaign, will provide strong financial incentives for employers and individuals to sign up with a new, Medicare-style government plan for working-age people and their families. This plan will almost certainly use a price-control system similar to the one in place for Medicare, allowing it to charge artificially low premiums by paying fees well below private rates. These low premiums will serve as a magnet for enrollment and will devastate the private companies trying to compete in the health-insurance market. The result will be the nationalization of the health-care sector, which today accounts for 16% of U.S. gross domestic product.

Nationalizing health care will be profoundly detrimental to the quality of American medicine. In the name of cost control, the government would make private investment in medical innovation far riskier, and thus delay the development of potentially lifesaving treatments.

It will also put America on a glide path toward European-style socialism. We need only look to Great Britain and elsewhere to see the effects of socialized health care on the broader economy. Once a large number of citizens get their health care from the state, it dramatically alters their attachment to government. Every time a tax cut is proposed, the guardians of the new medical-welfare state will argue that tax cuts would come at the expense of health care -- an argument that would resonate with middle-class families entirely dependent on the government for access to doctors and hospitals.

Of course, this health-care plan is occurring against our particular fiscal backdrop: Without major reform, our federal entitlement programs will soon double the size of government. The result will be a crushing burden of debt and taxes.

In short, we may be approaching a tipping point for democratic capitalism.

While the scope of the challenge should not be underestimated, those of us worried about this fundamental reorientation of politics and economics have several things working in our favor. Among them is that a public accustomed to iTunes, Facebook, Google, eBay, Amazon and WebMD is not clamoring for centralized, bureaucratic government. The strong American instinct for individual initiative and entrepreneurship remains intact.

In addition, confidence in government -- from Congress to those responsible for oversight of the financial system -- is quite low.

Our sense is that at the moment, the public is not thinking in terms of "big government" or "small government." Instead, Americans want efficient government -- one that is modern, responsive and adaptive. People want government to act as a fair referee, providing guardrails that allow individuals to rise without intrusively dictating individual decisions.

If conservatives hope to win converts to our cause, we need to understand this new moment and put forward an agenda that reforms key institutions in a way that advances individual freedom, without creating an unacceptable level of insecurity.

This is no easy task, and it must begin with providing a compelling alternative to what contemporary liberalism and Mr. Obama are about to offer. This especially includes health care, where we must start by recalling that our current health-insurance system was designed to meet the needs of a 20th century economy and World War II-era employment laws. It is hopelessly outdated, yet the Obama plan would make the system even more sclerotic.

The core of our message needs to be a commitment to creating a health-care plan that meets the demands of the modern economy. We need to convince concerned citizens that we can help the uninsured find coverage in the private sector and use market incentives to contain costs. The result will be a system that makes it possible for everyone to afford health insurance, including those with pre-existing conditions.

Tax credits, high-risk pools, insurance choice and regulatory reform can form the basis of a transformation from today's enormously costly and inefficient third-party system into one driven by ownership, choice and competition. And at the nucleus of this redesigned system will be the patient-doctor relationship.

If we hope to succeed in making our case, it will require a concerted education campaign that relies on hard data and facts, rigorous and accessible public arguments, and persuasive public advocates.

This is quite a tall order. But if we do not succeed in resisting greater state involvement in the economy -- and health care is meant to be the beachhead of this effort -- we will move from a limited welfare state into a full-blown one. This will reshape, in deep and enduring ways, our nation's historic sensibilities. It will lead here, as it has elsewhere, to passivity and dependence on the state. Such habits, once acquired, are hard to shake.

Between now and the end of this decade may be one of those rare moments in which among other things will turn decisively one way or the other. The stakes could hardly be higher for our way of life.

Mr. Wehner, a former deputy assistant to President George W. Bush, is a senior fellow at the Ethics and Public Policy Center. Mr. Ryan, a Republican congressman from Wisconsin, is a member of the Budget Committee and the Ways and Means Committee.

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VIEWPOINT: All Aboard Kennard's DTV Train Wreck

By Ted Hearn -- Multichannel News, 1/15/2009 12:18:00 PM

Washington -- It seems as if the only people in American who are unprepared for the Feb. 17 transition to digital television are advisers to President-elect Obama.

Some of the second-guessing going on just weeks before the big event seems to be grounded more in fear than fact. And some seem to be saying things today that are totally at odds with what they once espoused while holding high public office.

Take, for instance, former Federal Communications Commission chairman William Kennard, who ran the agency during President Clinton's second term.

Kennard, an Obama fundraiser and adviser, is extremely nervous about the national cutoff of analog TV signals. But Kennard's solicitude for the digitally disenfranchised wasn't something always foremost in his thinking.

Writing in the Jan. 9 edition of *The New York Times* with his successor Michael Powell (a former McCain adviser who is now an Obama adviser), Kennard said the Feb. 17 transition should be delayed, calling it a "fiasco" and a "train wreck."

On his last day in office -- Jan. 19, 2001 -- Kennard sent a letter to Senate Commerce Committee chairman Ernest (Fritz) Hollings (D-S.C.) with his policy prescriptions for hastening the DTV transition -- without, of course, producing a fiasco.

First, Kennard said all analog stations in channels 52-69 -- the 700 MHz band -- should be forced to shut down on Dec. 31, 2006. He said this should happen regardless of how many consumers had DTV sets.

"The firm deadline would be limited to channels 52-69 because this is where substantial, contiguous blocks of spectrum can become available for new services and technologies such as Third Generation or 3G mobile data offerings," Kennard said.

Kennard didn't mention how the loss of channels 52-69 would sit with consumers stuck with old analog sets and who, at that time, had no access to \$1.34 billion in federal funds to buy digital-to-analog converter boxes.

When Kennard was in power, federal law required analog TV stations to transition on Dec. 31, 2006 if at least 85% of households in their markets had digital reception capability.

In his Hollings letter, Kennard said the 85% test should be eliminated because in his view failing to do would, as he called in it in an October 2000 speech, perpetuate "the spectrum squatter" problem.

Kennard predicted it would take until 2025, based on the rollout of color TVs, for DTV set penetration to hit 85%. Unacceptable, he said.

Today, 93% of American TV households are DTV-ready, according to Nielsen. But Kennard says that's just too low to justify going forward on Feb. 17. But eight years ago, Kennard was saying that maintenance of an 85% DTV readiness standard was too high. With regard to channels 52-69, even a puny 1% DTV penetration was too high for Kennard.

The real DTV train wreck seems to be the collision between Kennard's views in 2001 and his views in 2009.

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washingtonpost.com

FCC Chairman Martin to Step Down Next Week

Friday, January 16, 2009; D02

Federal Communications Commission Chairman [Kevin J. Martin](#), a Bush appointee who angered many in his own party with a push to reform cable pricing, said yesterday that he will leave the agency upon the handover to the new administration.

In a statement, Martin said that he will join the [Aspen Institute](#), a nonprofit leadership group, as a senior fellow on communications issues after his departure Tuesday. President-elect [Barack Obama](#) is expected to nominate his technology adviser, [Julius Genachowski](#), a local venture capital investor and former official of the [FCC](#), to head the agency.

Martin led the FCC for four years through sweeping changes in the telecommunications and high-tech sectors, adding oversight of wireless technologies and high-speed Internet access to the agency's more traditional role of broadcast and media regulation.

He said in his statement that he "approached his decisions with a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the best protector of the public interest and the best method of delivering the benefits of choice, innovation, and affordability to American consumers."

Martin will likely be remembered for forcing the winner of a spectrum auction to open its network to outside technologies. He also ruled against cable operator [Comcast](#) in its practice of slowing down certain Internet traffic on its network.

-- [Cecilia Kang](#)

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JANUARY 16, 2009, 1:33 A.M. ET

Medtronic Paid Researcher More Than \$20,000 -- Much More

By [DAVID ARMSTRONG](#) and [THOMAS M. BURTON](#)

A prominent spine surgeon and researcher at the University of Wisconsin received \$19 million in payment over five years from [Medtronic Inc.](#), one of the country's largest makers of spinal devices, according to a senator who is investigating potential conflicts of interest in medicine.

The surgeon, Thomas Zdeblick, received the payments while helping Medtronic develop and promote a number of spinal products. Medtronic's \$19 million in payments to Dr. Zdeblick from 2003 to 2007 went "greatly" beyond what was evident in disclosures he made to the university, Sen. Charles Grassley said in a Jan. 12 letter to Kevin P. Reilly, the school's president. The University of Wisconsin, like other academic centers that conduct federal research, is required by the government to monitor its researchers' financial conflicts.

In each of the five years cited in the letter, Dr. Zdeblick told the university that he received \$20,000 or more from Medtronic, and in one year, he reported getting \$40,000 or more. The disclosures conform to school policies, which currently don't require researchers to specify amounts received above \$20,000.

The report of multimillion-dollar payments to Dr. Zdeblick comes amid a growing movement for more detailed disclosure of the financial ties between doctors and outside interests. Most public disclosures of relationships between doctors and companies rarely specify how much a physician is being paid. When amounts are disclosed, they are often revealed in a fashion similar to that of Wisconsin's policy in which a threshold amount is used, such as a doctor earning more than \$10,000, with no other details reported.

Sen. Grassley, an Iowa Republican, told Mr. Reilly that "more than \$20,000" in this case meant far more -- from \$2.6 million to \$4.6 million in royalty and consulting payments per year -- according to Medtronic records.

"I am concerned that Wisconsin's reporting requirements do not go far enough to fully capture a physician's potential conflict of interest," Sen. Grassley's letter

said. He asked the school for more information on Dr. Zdeblick's disclosures, whether he collects royalties for devices used at the school's hospital, and whether patients are being told about his financial interests.

Robert Golden, dean of University of Wisconsin's medical school, agreed that its disclosure requirements are insufficient and "indefensible," and said they would be toughened to mandate disclosures of specific sums. "Clearly there is a big difference between \$20,000 and \$20 million," he said in an interview. "When it is defined that way it doesn't provide enough information for people to make good sense of it." He said the school has found in the past that Dr. Zdeblick has adhered to its rules and filled out the disclosure forms properly. Dr. Golden said he would review the information provided by Sen. Grassley, but expects to find that Dr. Zdeblick has continued to follow university rules.

Charles Rosen, a University of California, Irvine, spinal surgeon who is also president of the Association for Medical Ethics, said the Wisconsin disclosure policy is similar to that of many universities and medical societies. He said those policies are insufficient and that the public has a right to know exactly how much doctors are being paid by medical-device companies and other outside interests.

"When you are advocating devices or procedures, it can't be said this is a private matter and that no one should know how much this company is paying me," he said. "It should be very public. People should know."

The ethics association headed by Dr. Rosen, which includes spine surgeons and academics, is also advocating the position that any doctor making more than \$50,000 from device or drug companies should not hold an academic appointment.

Dr. Zdeblick said he doesn't accept royalties on products used on his patients. Since 1991, he says, he has told patients about his royalty and consulting relationships. One of his royalty generators is a device implanted in patients along with a bone-growth protein that has recently been the subject of a safety warning from the U.S. Food and Drug Administration and patient lawsuits. The device, the Infuse Bone Graft, has generated \$3 billion in revenue for Medtronic, which says the product is safe, with side effects occurring in less than 1% of cases.

In some lawsuits, Medtronic has been accused by former employees and the government of inducing surgeons to use its spine products with payments for sham consulting agreements and lavish travel. In 2006, Medtronic agreed to pay \$40 million to the government to settle civil allegations that it paid kickbacks to doctors, including sham consulting and sham royalty agreements as well as lavish trips. Those allegations were initially made in two lawsuits brought by former Medtronic employees, including a former legal counsel. As part of the settlement, the employee lawsuits were dismissed. While agreeing to the

settlement, Medtronic denied any wrongdoing.

In one of the lawsuits settled by the government's agreement, a former Medtronic employee said Dr. Zdeblick received a "sham" 10-year consulting contract with Medtronic. A copy of the contract shows that he agreed to do two days of work per quarter over 10 years for \$400,000 a year. Dr. Zdeblick said the consulting contract was legitimate, and not a sham as alleged, and that he stopped the bulk of his consulting work for Medtronic in 2004.

Medtronic says its consulting relationships with doctors are proper.

Write to David Armstrong at david.armstrong@wsj.com and Thomas M. Burton at tom.burton@wsj.com

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