

the extent of the problem. (The aluminum industry, as a huge consumer of energy, is a major source of greenhouse gas emissions.) And according to the Environmental Defense Fund, some Alcoa plants rank among the worst in the country in several categories. In addition, Alcoa has been at the forefront of efforts to recycle industrial waste as fertilizer, a plan that raises serious concerns about food safety.

One affiliation that may best characterize O'Neill's political leanings is his membership in the American Assembly, an organization started by Dwight Eisenhower, prior to his presidency, "to illuminate issues of public policy." It was intended to bring together leaders from various parts of society to



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think about the major problems facing the nation. A recent report from the group on the problems of inner cities included recommendations for expanding the earned income tax credit and increased government support for childcare.

It is worth noting that O'Neill's experience as the CEO of a major industrial corporation will bring a different perspective to Treasury. Recent occupants of this position have been more strongly associated with finance than industry. As a result, O'Neill may have somewhat more regard for the concerns of domestic manufacturing than his predecessors. Also, in a time when many people in business and politics have come to view the labor movement as a historical relic, it will be a change to have a secretary who has developed a constructive working relationship with a major union. (Though there have been complaints raised about working conditions at Alcoa's plants in Mexico.)

O'Neill may also be somewhat less committed to international financial institutions such as the IMF and World Bank, which the Clinton team viewed as central to their agenda. In recent months he has been critical of the Federal Reserve Board, warning that its interest-rate hikes could choke off growth. While he is friends with Alan Greenspan, O'Neill may be more willing to publicly criticize his actions than the Clinton Administration has been. That would be a welcome change. ■

TAX MURDERER

By DEAN BAKER

Lawrence Lindsey, who has been named as President Bush's top economic adviser, is a supply-sider that progressives can live with. While he is an ardent believer in the power of markets and proponent of tax cuts, he also is willing to criticize the establishment and take the concerns of the poor seriously.

Lindsey joined the Reagan Administration in 1981 after studying economics at Harvard. He went back there to teach in 1984, before becoming a top adviser to the first Bush administration in 1989. In 1991, he was appointed as a governor of the Federal Reserve Board, where he served until 1997. In that capacity, he was consistently the most expansionary member of the board, regularly arguing that the economy could grow faster, and the unemployment rate could fall lower, than Alan Greenspan and other members of the board thought possible. Since leaving the Fed, he has worked as a consultant and maintained an affiliation with the American Enterprise Institute, a right-wing think tank.

Lindsey was the governor responsible for the enactment of the Community Reinvestment Act (CRA). This act is supposed to ensure that banks make loans into the communities where they draw deposits, limiting the outflow of capital from depressed areas. Enforcement of the CRA has always been minimal, but Lindsey was willing to listen to the community groups who were organizing around this issue, even if he didn't go very far in following their recommendations. Since many Republicans (and some Democrats) would like to see the CRA scrapped altogether, Lindsey's attitude is certainly a positive sign.

Lindsey's approach to the international economy may provide some grounds for optimism as well. Lindsey has been critical of the IMF-Treasury-Department-engineered bailouts in Mexico, East Asia and elsewhere. In particular, he was harshly critical of the Clinton administration's effort to crush a Japanese plan to set up an East Asian bailout fund to deal with the crisis in the region in 1997. He clearly does not feel the need to control the financial world from Washington. It is likely that he will try to implement some of the recommendations of the Meltzer Commission, which called for a scaling back of the power of the IMF and World Bank.

Domestically, it is clear that Lindsey will stand solidly behind Bush's tax cut proposal. But there may be more here than meets the eye. He has already begun selling the tax cut as a counter-cyclical demand-side policy that is needed to counteract an economic downturn. While the phased-in elimination of the inheritance tax will not stimulate the economy anytime soon (a key part of the Bush plan) a more progressive set of tax cuts would have this effect.

There is a compromise here in which there is an increase in the earned-income tax credit and a larger tax cut for moderate-income families, coupled with some tax break for the rich. This could provide an important stimulus to the

economy, and a boost to many families that need extra income, even if it does lower taxes on the rich.

Nor will Lindsey be shy about pressing the Fed to lower rates to stimulate the economy. This could be very important in the next few years, as there is likely to be some inflation resulting from the decline in the dollar, which the Fed will see as a reason to keep interest rates high. Lindsey was a critic of the Clinton-Greenspan high-dollar policy, and should feel little hesitation about its abandonment. He is likely to insist that Greenspan ignore the inflation that results from the dollar's inevitable decline, and instead concentrate on maintaining high levels of growth and employment. ■

VOUCHING TIGER

By Hans Johnson

If the "president-select" were seeking an accomplice in his bid to transport the federal education agenda across mainstream lines, he found his man in Rodney Paige.

While Bush's designate to head the Department of Education is expected to sail through the Senate confirmation, the 67-year-old Houston superintendent and former football coach is under fire from gay activists for allowing

anti-gay harassment to go unchecked in the 200,000-pupil system whose board he sat on from 1989 to 1994, and which he has helmed for the past six years.

The Houston area has seen a spate of anti-gay hate crimes—including anti-gay murders, some of them involving local teens—stretching back to the late '80s. A 1997 report by the Gay, Lesbian and Straight Education Network flunked Houston schools on its handling of discrimination and harassment of gay kids. GLSEN also faults district leaders for failing to implement a 1999 report aimed at dispelling anti-gay prejudice in schools and issued by the very federal department Paige is slated to head. GLSEN is now leading a letter-writing campaign to Paige urging that he address the concerns of gay students and their parents when he becomes education secretary.

Paige's endorsement of school vouchers is also worrisome. At Senate hearings on January 10, Paige showed that he would keep step in a GOP retreat from support for public schools. Paige noted that he forgoes the term "vouchers" because of its icky ideological baggage, opting instead to promote "federal funds" for "nonpublic schools."

Sen. Edward Kennedy read between the lines and warned the nominee not to "abandon our schools." But even Vermont Republican James Jeffords, who in previous sessions has thwarted conservative bids to pass voucher schemes, joined a generally adoring chorus. Fellow senators, Jeffords said, would all "just run out and declare your victory right now," were it not that Paige still needed to pass an up-or-down confirmation vote. ■

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