# Virginia Policy Review EDITOR'S NOTE

### DEAR READER,

This marks my final issue as the Editorin-Chief of the *Virginia Policy Review*. In a few weeks, I'll be graduating from the University of Virginia, and I'll be handing off my current position to associate editor Caitlin Gearen. For me, the end is more bitter than sweet.



Founding this magazine ranks as one of the most enjoyable experiences I've had while attending this University. Over the past year, I've had the privilege of working with authors, editors, and advisors of the highest caliber. As the head of an editing team, I know that we've stumbled and made some mistakes, but I'm intensely proud of the product that we've created.

But as I look back on my experience on the Virginia Policy Review, I can't help but wonder if I'm fighting for a lost cause. Print news, indeed, has suffered mightily in recent years. Last year, *Newsweek* operated at a \$27 million loss. Its competitor, *U.S. News and World Report*, now publishes its issues monthly rather than weekly, due to falling advertising revenues and declining circulation. Several major newspapers, including the *Rocky Mountain News*, the *Seattle Post-Intelligencer*, and the *Ann Arbor News*, have already closed up shop this year.

These are disheartening facts. In an era of increasing global integration, print news should be at its crest, not its trough. No issue is truly local or regional anymore. Our actions in the voting booth, the classroom, and even the home affect the lives of others around the world. Similarly, we can't simply dismiss events in other countries as if they don't matter. Whatever happens at a Communist Party meeting in China or a summit of Middle Eastern leaders in Abu Dhabi, for instance, now has a direct impact on our economy wellbeing and national security.

In today's increasingly complex world, knowledge and information have become our greatest strengths. Yet, the best avenue for delivering such knowledge and information – print news – is on life support. In the past decade, we've abandoned *The New Republic* in favor of *People Magazine*. We've chosen to ditch *The New Yorker* for *US Weekly* and decided to cancel our subscription to the *Cincinnati Enquirer* for a copy of the *National Enquirer*. Given these trends, is there any way to arrest the demise of print news?

I'm not sure. The near future is certainly bleak. Most major newspapers and newsmagazines are either bankrupt, or tottering on bankruptcy. Even the Grey Lady is struggling; as of this printing, *The New York Times* is more than a billion dollars in debt. Any hope of recovery, however, starts with you, the reader. Put simply, newspapers aren't earning money because people aren't paying to read them anymore. Instead, we've begun turning to the Internet or turning on our televisions or just turning

away from the world altogether. Convincing ourselves to return to print media will undoubtedly be difficult.

To those who get their news online – it's time to consider taking up a subscription. While it's true that most newspapers publish their print edition online and free of charge, professional journalists don't work for free. If too many people free ride off a newspaper's online content – as they inevitably have done – a newspaper will lose revenue. This eventually comes back to hurt the reader. Revenue losses force news companies to cut staff positions. With fewer journalists, a newspaper must sacrifice breadth, depth, and quality in its news coverage.

For those who get their news from a cathode ray tube – it's time to turn off the TV. MSNBC, FOX News, CNN – these networks offer entertainment, not news. Their anchors are paid to come up with witty one-liners and audience-provoking, thirty second quips. Regardless of political affiliation, they tend to preach, rather than inform. In a similar manner, their guests pitch politics, rather than policy. Even when television networks try to convey relevant information and analysis to the public, they are limited by time. A typical segment on a one hour news program lasts about four minutes. Humans, on average, talk at around 150 words per minute. This means that reporters have about 600 words to communicate a subject to a television viewer. Can anyone fully convey the depths of the financial crisis or the status of nuclear non-proliferation agreements or the situation in Darfur in just 600 words? Surely not.

And for those who just don't care — it's time to come back into the fold. With the tough policy questions facing our country today, it might be all too tempting to delegate our democratic responsibilities to others. We might want to leave our problems for "experts" to solve. I find such thinking deeply flawed. For too long and for far too many issues, we've let technocrats make public policy decisions. Yet these issues — from economic regulation to climate change — remain unresolved. The world doesn't need more experts. It needs new ideas, and those who have tuned out of current events might be the best candidates to offer such fresh thinking.

For the sake of the *Virginia Policy Review* and, more importantly, the American public, I hope we can save print news. Regardless, though, I want to end by giving thanks to my editorial staff and our financial sponsors. In particular, I'd like to recognize Brandon Walsh for keeping me amused, Brendan Sullivan for keeping me modest, and Lucy Zhou for keeping me sane. This magazine would not have been the same without your tireless efforts.

Thanks again for picking up our magazine, and I hope you enjoy reading this issue of the *Virginia Policy Review*.

Sincerely,

Xiao Wang

#### ISSUE III, VOLUME II SPRING 2009

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Upon extensive editorial review, we have determined that an article published in our September/October 2008 issue, Matthew Burnham's "Cycling Away: Comparative bicycle policies in the Netherlands and the U.S.", heavily lifted from an original article by Professors John Pucher and Ralph Buchler (John Pucher and Ralph Buehler, 2008. "Making Cycling Irresistible: Lessons from the Netherlands, Denmark, and Germany," Transport Reviews, Vol. 28, No. 4, July 2008, pp. 495-528.). Mr. Burnham did not properly cite Mr. Pucher and Mr. Buehler's work. We have removed the article from our website, and apologize for our editorial oversight.



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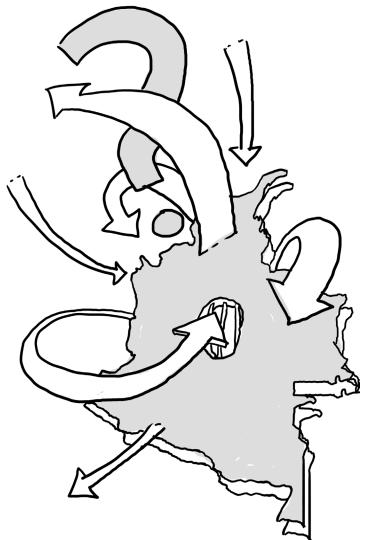
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We welcome your thoughts. Please forward any comments, questions, or concerns to virginiapolicyreview@gmail.com or visit us online at www.virginiapolicyreview.com

# BEAUTIFUL STAGECRAFT OR FEAT OF MILITARY INTELLIGENCE?

A closer look at Colombia's celebrated hostage rescue

by Dirk Ewers



On July 2, 2008, the world celebrated the liberation of Ingrid Betancourt, three American military contractors, and ten Colombian military officials. The three Americans have since compiled excerpts of their humiliating experience in a book, *Out of Captivity: Surviving 1,967 Days in the Colombian Jungle*. While the successful outcome of Operation *Jaque* speaks to the importance of international cooperation between law enforcement, military, and intelligence officials, the continuous strife over the rebel's extradition casts doubt on the official story and illustrates the shortcomings of the Colombian justice system.

# "The Guards of Ingrid Betancourt were paid off"

An early rumor planted by a FARC emissary<sup>1</sup> in Switzerland mentioned a ransom payment to the captors, but this claim was quickly dismissed. Yet Noel Saëz, a French diplomat who led efforts to negotiate the release of Betancourt from 2005 to 2008, also believes the two guerrillas were bribed. In an interview with Le Figaro<sup>2</sup>, Saëz reveals that

1 Kern, Soeren. Why Europe doubts Colomia's hostage rescue. Strategic Studies Group. 29 July 2008. Retrieved from http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?fecvnodeid=9&fecvid=33&ots591=4888C AA0-B3DB-1461-98B9-E20E7B9C13D4&lng=en&v33=1 06569&id=88631 on 2 Feb. 2009.

2 Boulin, Jérome. Noel Saez: "Les geoliers de Betancourt

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Colombia's president, Álvaro Uribe, informed French Foreign Minister Bernard Kouchner of the capture of *César's*<sup>3</sup> wife in February 2008. *César* was one of two guerrillas in charge of the hostages. Saëz continues that, subsequently, *César* sent a message to the Colombian government, expressing his willingness to release the hostages in return for a guarantee that he would not be extradited. On June 15, 2008, fifteen days before Operation *Jaque*, Uribe directly alluded to this information during one of his weekly forum meetings.<sup>4</sup> There is also another report that claims the FARC planned to release the hostages but that the Colombian military interfered in the release.<sup>5</sup>

#### Military and intelligence cooperation trick the FARC into turning over their most valued hostages

In 2003, the FBI intercepted a phone call from Conde, *César*'s wife, to a FARC contact in Miami who provided the guerilla group with high tech equipment, satellite phones, and GPS devices. Unbeknownst to Conde, the Miami contact had agreed to cooperate with the authorities in exchange for a lighter prison sentence.<sup>6</sup> Following the conversation, the FBI equipped the satellite phones with listening devices, enabling the Colombian military to listen in on FARC's conversations and to locate the camp of FARC leader No. 2, *Raúl Reyes*, in Ecuador. After a

ont été achetés". Le Figaro. 10 March 2009. Retrieved from http://www.lefigaro.fr/international/2009/03/09/01003-20090309ARTFIG00478-noel-saez-les-geoliers-debetancourt-ont-ete-achetes-.php on 12 March 2009. 3 Names in italics refer to the person's nom de guerre. 4 Jiménez, Camilo. "Los centineles de Ingrid fueron comprados". Semana. 10 March 2009. Retrieved from http://www.semana.com/noticias-conflicto-armado/centinelasingrid-fueron-comprados/121579.aspx on 12 March 2009. 5 Lucas, Kintto. Colombia: Did the Army 'steal' FARC's Hostage Release? IPS News. July 8, 2008. Retrieved from http://ipsnews.net/news.asp?idnews=43111. 12 March 2009.

6 Bajak, Frank. US, Colombia choked rebel communications network. Associated Press. 10 July 2008. Retrieved from http://www.breitbart.com/article. php?id=D91RAQ5O0&show\_article=1. 22 March 2009. Retrieved from

bombing raid killed *Reyes* on March 1, 2008, the Colombian military retrieved his computers and USB disks, which contained nearly 609 gigabytes of valuable intelligence information.<sup>7</sup>

# Uribe's disengagement tactics provide the crucial element for Operation *Jaque*

In the same month, the Uribe administration's most successful tactics in undermining the insurgency claimed its first victim among the FARC leadership. The youngest member of the FARC politburo, *Iván Ríos*, died at the hands of his own bodyguard.<sup>8</sup>

In a similar vein, a large number of rank and file members left the FARC. Fed up with their superiors, disillusioned with a war that was no longer winnable, and desperate for a normal life<sup>9</sup>, they were lured by potential rewards and the prospect of evading persecution. For instance, *Karina*, a feared guerrilla leader, turned herself in last June. She is now a paid government employee, acting as a promoter for peace and helping others to quit the FARC.<sup>10</sup> The death of *Manuel Marulanda*, the legendary founder and FARC leader, topped off the darkest month in the FARC's 40-year history.

Two additional desertions became crucial for the success of Operation *Jaque*: a female FARC radio operator, who deserted in early 2008, and a former bodyguard of newly designated FARC leader *Alfonso Cano*. Both collaborated with Colombian authorities by intervening into FARC's internal communication channels. Imitating the voice of

<sup>7</sup> Interpol. Interpol's Forensic Report on FARC Computers and Hardware Seized by Colombia. May 2008. 22 February 2009. http://www.interpol.int/Public/ICPO/PressReleases/PR2008/pdfPR200817/ipPublicReportNoCoverEN.pdf 8 Caracol. El guerrillero de las FARC "Ivan Ríos" fue asesinado por su guardia personal. Caracol Radio. 7 March 2008. Retrieved from http://www.caracolradio.com/nota. aspx?id=559986 on March 14. 2009.

<sup>9</sup> Horgan, John. The Psychology of Terorism. Routledge. New York. 2008, Ch. 7.

<sup>10</sup> BBC. Colombia releases ex-FARC rebels. BBC News.7 March 2009. Retrieved from http://news.bbc.co.uk/2/hi/americas/7929783.stm on March 10, 2009.



Alfonso Cano, the ex-bodyguard instructed César to bring the three groups of hostages to one location<sup>11</sup> and to wait for further instructions.

#### Questions about the official story

According to a National Geographic documentary12 that had privileged access to the military and intelligence agents involved in the rescue, however, César actually received these orders from his immediate superior Mono Jojoy, via a planted radio operator. Mono Jojoy is a hardliner within the FARC politburo and the known architect of the strategy to take civilian hostages. The Colombian military had put severe pressure on his outer security perimeter, severely limiting his ability to communicate.<sup>13</sup> But the FARC also uses human messengers, and does not rely entirely on radio communication. Furthermore, marching three groups of the highest prized hostages across the jungle for two months requires precise coordination to arrange security and food supplies. Is it truly conceivable that such an operation escaped the attention of two of the top FARC leaders?

# "The FARC: Why are they releasing their hostages?"

Obviously, there is more at play than meets the eye. I spoke to two people who were directly involved in the negotiations over the past

five years, but their answers were inconclusive. The private contractor believed that a deal took place, while the government official denied such a charge. Political analysts in Colombia are similarly divided about the motives behind the recent unilateral hostage releases. 14 While recent territorial losses might compel the FARC to revert to tactics of extortion, Alfonso Cano is also known to be a political strategist. He likely realizes that the FARC gains no political benefit from political hostage taking, especially without the presence of the international community. But no analyst has gone as far to suggest that Alfonso Cano gave his tacit approval to the July 2008 liberation, though it certainly strengthened his position vis-à-vis the hardliner *Mono Jojoy*, the leader in charge of the hostages.

## The aftermath and the pending extradition of César

Controversy arose after the Colombian Supreme Court denied the extradition of *Gafas*, the other FARC member in charge of the hostages, because "the crimes for which he is wanted were committed on national territory." U.S. ambassador William Brownfield initially protested the decision but later apologized to the Court. 16

In a similar vein, a large number of rank and file members left the FARC. Fed up with their superiors, disillusioned with a war that was no longer winnable, and desperate for a normal life, they were lured by potential rewards and the prospect of evading persecution.

<sup>11</sup> Farah, Douglas. Lessons Learned From The Campaign Against The FARC. The NEFA Foundation. 16 November 2008. Retrieved from http://www.nefafoundation.org/miscellaneous/FeaturedDocs/nefafarclessonslearned1108. pdf. 22 March 2008.

<sup>12</sup> Garcia, Alváro. Colombia Hostage Rescue. Paraiso Pictures LTDA. For National Geographic. 2008. http://channel.nationalgeographic.com/episode/colombia-hostage-rescue-4310/Overview

<sup>13</sup> Semana.com. The Siege of "Mono Jojoy". Semana. 9 March 2009. Retrieved from http://www.semana.com/noticias-print-edition/the-siege-of-mono-jojoy/121571. aspx on 13 March 2009.

<sup>14</sup> Semana. The FARC: Why are they freeing their hostages? 31 January 2009. Retrieved from http://www.semana.com/noticias-print-edition/the-farc-why-are-they-freeing-their-hostages/120320.aspx. 10 March 2009.

<sup>15</sup> Bajak, Frank. Colombian Court: No extradition in US kidnap case. Associated Press. 4 Feb. 2009. Retrieved from http://www.montereyherald.com/ci\_11628372 on 6 Feb. 2009

<sup>16</sup> El Tiempo. Brownfield Se Disculpa Con la Corte Suprema. 27 March 2009. Retrieved from http://www.eltiempo.com/archivo/documento/MAM-3376668. 10 April 2009.

Castlereagh

The Supreme Court meanwhile granted the extradition of *César*, not for hostage taking, but for drug trafficking, adding the stipulation that he can *only* be prosecuted for the latter crime.<sup>17</sup> This is significant. In July 2007<sup>18</sup> the Federal District Court in Washington, D.C. convicted and later sentenced FARC leader *Simón Trinidad* to 60 years in prison for conspiracy to take the three American contractors hostage.<sup>19</sup> He was, however, initially extradited on drug charges, but this trial ended with a hung jury.<sup>20</sup>

Even if *César* is convicted on drug charges, would such a conviction truly do justice to the victims of his ordeals? And furthermore, shouldn't the United States, the main funder of Colombia's war efforts, expect that crimes of deep human indignity such as kidnapping be appropriately dealt with in the country of origin? As of now, *César*'s extradition still awaits President Uribe's signature.

Dirk Ewers, of Esslingen, Germany, is a fifth year student at the University of Virginia. He received a BA in Foreign Affairs last May, and is currently working towards a Masters in Public Policy at the Batten School of Leadership and Public Policy. He previously worked for two years in Colombia as a human rights observer with Peace Brigades International. In addition, he has participated in humanitarian relief efforts in Guatemala and has 17 El Espectador. Corte Suprema emite concepto favorable a la extradición de 'César'. 19 February, 2009. Retrieved from http://www.elespectador.com/articulo119608-corte-

18 Associated Press. FARC leader convicted in Taking of 3 U.S. Hostages 10 July 2007. Retrieved from http://www.washingtonpost.com/wp-dyn/content/article/2007/07/09/AR2007070901591.html. 22 March 2007

suprema-emite-concepto-favorable-extradicion-de-cesar on

2 February 2009.

19 WW4 Repor's blog. FARC negotiator gets Colombia's max – in US prison. World War 4 Report. 28 Jan. 2008. Retrieved from http://ww4report.com/node/4997 on 13 March 2009.

20 Apuzzo, Matt. Associated Press. US Seeks Symbolic Drug War Victory. 4 March 2008. Retrieved from http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2008/03/04/national/w094132S42.DTL. 22 March 2009.

worked as a grassroots organizer in Charlottesville. He is trained in conflict resolution and interested in learning Arabic and working in the Middle East. His thanks go to Sabrina Rissing for editing suggestions.

## Where is the Science?

Rethinking international aid by Kurt R. Herzer

At a concert in Scotland last year, Bono not only provided his fans with a timeless musical performance, but also gave them a healthy dose of his humanitarianism. According to rumors, Bono began clapping his hands, yelling, "every time I clap my hands, a child in Africa dies." From somewhere in the audience, a witty Scot shouted, "Then stop clapping your hands!" If only the solution to today's humanitarian crises Africa were so simple.

Clearly, Bono doesn't make children die by clapping his hands. This concept of causality determining how and why African children are dying - is a cornerstone of scientific inquiry. All humor aside, policymakers should determine the etiology of child mortality before implementing humanitarian aid programs. Understanding what factors to target and how to measure a program's effectiveness is the only way to know if a problem has truly been addressed. While Bono's calls for social justice represent a shift within the international community to start framing African healthcare issues within a social justice context, they are nonetheless myopic.

There is simply no magic bullet to solving Africa's healthcare crisis. Even Bono's

refined showmanship will not save a single life. In light of the economic challenges facing the world, it is becoming increasingly evident that a social justice framework alone is not enough to solve humanitarian problems —humanitarians need science too.

#### The tenuous relationship between science and social justice

There are several prevailing theories within social justice. Some theories are egalitarian in nature (all people are equal and deserve equal rights and opportunities in society), while others are utilitarian (society should seek to do the greatest good for the greatest number).1 Aside from those ethicists who focus solely on bioethical issues, however, the distinctions between these schools of thought is often lost within the public health community. More often than not, social justice is readily reduced to a more simplistic concept healthcare as a human right.

Certainly, "human rights" has become a catch phrase for major global initiatives.<sup>2</sup> In 2001, the United Nations (UN) World Assembly passed its lauded Declaration of Commitment on HIV/ AIDS, providing a response to the pandemic by grounding healthcare as a human right. Yet, the Declaration provided little indication that the UN, given current scientific knowledge, could actually accomplish its ambitious public health objectives. Moreover, the Declaration did not

...it is becoming increasingly evident that a social justice framework alone is not enough to solve humanitarian problems —humanitarians need science too.

> commit sufficient resources towards evaluating the UN's progress on its stated goals. Setting

<sup>1</sup> Faden RR, Powers M. Health inequities and social justice. The moral foundations of public health. Bundesgesundheitsblatt, Gesundheitsforschung, Gesundheitsschutz. Feb 1 2008;51(2):151-157.

<sup>2</sup> Gruskin S, Tarantola D. Universal Access to HIV prevention, treatment and care: assessing the inclusion of human rights in international and national strategic plans. AIDS. Aug 1 2008;22 Suppl 2:S123-132.

these goals was largely, therefore, a symbolic gesture. In addition, establishing such grandiose frameworks has relegated global healthcare issues to the political sphere of human rights, rather than in the scientific foundation of public health.

In 2003, for example, the World Health Organization (WHO), an agency within the UN, launched the "3 by 5" campaign. Instead of striving to prevent 3 million new HIV infections by 2005, the "3 by 5" campaign pledged to treat 3 million infections by 2005. Public health icons such as Paul Farmer heralded expanding access to antiretroviral treatment as one of the most important global priorities for policymakers and government officials.<sup>3</sup> Indeed, our global ability to treat AIDS patients with highly active antiretroviral therapy (HAART) in third world countries has been considered a huge human rights triumph: we have found a way to bring a therapy once considered too expensive to the bottom billion. These efforts were guided by the belief that regardless of cost, all HIV-positive patients deserve access to treatment that would improve health and prolong life.

#### Feel good, do good?

Public health campaigns like "3 by 5" make us feel good, but such campaigns may be neither wise nor just. As we allocate resources towards HIV-positive patients, are we ignoring those suffering from other diseases that are more easily preventable? What about the universal human right for access to lifesaving surgery? Or measles treatment? Or malaria? The use of "human rights" as a framework for advancing political agendas has in many ways demeaned the very notion of human rights. Human rights should be a critical part of international public health efforts. But at what point do we accept that some of this "feel-good" chatter is nothing more than vapid idealism?

Instead, though, let's ask a more important question: what does the science say? Empirical data and cost-effectiveness research can help better illuminate the HIV debate for us. When the WHO and UNAIDS were initiating the "3 by 5" campaign, cost-effectiveness evidence for Africa suggested that a case of HIV could be prevented for as little as \$11, with one disability adjusted life year (DALY) gained per \$1 spent on blood safety measures, targeted condom distribution, and treatment for sexually transmitted infections. For less than \$75 per DALY gained, interventions like blocking mother-to-child transmission, voluntary counseling and testing, and treating opportunistic infections like tuberculosis could be used. In contrast, antiretroviral treatment, the focus of the "3 by 5" campaign, costs thousands of dollars per prevented infection, and hundreds of dollars per DALY gained.4 Even the WHO acknowledged that educating prostitutes on safe sexual practices could save anywhere from 100 to 1000 times as many lives as an equivalent amount of money spent on antiretroviral treatment.5

In 2005, the "3 by 5" campaign ended, falling miserably short of its goal. But its failure did not seem to matter to public health officials. Advocates nonetheless used the campaign to rally support for treatment in even the poorest settings.<sup>6</sup> Put simply, treating HIV is much sexier than preventing it. A young girl with AIDS who can take pills that extend her life evokes more sympathy than a healthy child who never contracted HIV because of successful preventive efforts. The President's Emergency Plan for AIDS Relief (PEPFAR), which represents the chief American contribution to the international AIDS effort, al-

<sup>3</sup> Koenig SP, Leandre F, Farmer PE. Scaling-up HIV treatment programmes in resource-limited settings: the rural Haiti experience. Aids. Jun 2004;18 Suppl 3:S21-25.

<sup>4</sup> Creese A, Floyd K, Alban A, Guinness L. Costeffectiveness of HIV/AIDS interventions in Africa: a systematic review of the evidence. Lancet. May 11 2002;359(9318):1635-1643.

<sup>5</sup> WHO. World Health Report 2002, Reducing Risks, Promoting Health Life. Geneva 2002.

<sup>6</sup> Collins C, Coates TJ, Szekeres G. Accountability in the global response to HIV: measuring progress, driving change. Aids. Aug 2008;22 Suppl 2:S105-111.

locates 48% of its budget to treatment and only 29% to prevention.<sup>7</sup>

Perhaps "HIV exceptionalism" and the spotlight on AIDS have arisen from the world's unfortunate familiarity with the illness — it is an

patient mortality — which would be immediately relevant to the poor people the aid is meant to help. Rather, public health officials meausure success by inputs like aid volume, planning activities, and investment in local programs.

As we allocate resources towards HIV-positive patients, are we ignoring those suffering from other diseases that are more easily preventable?

infectious disease that masquerades as a chronic condition for many Americans with access to HAART. Most American hospitals treat AIDS, and some have special AIDS clinics. Other third world diseases are not as close to home the average hospital is less likely to see an active case of malaria. AIDS, however, is something that we share with the developing world, and it has in many respects become a rallying cry for public health. Our preoccupation with AIDS treatment has led us to align international public health aid with our priorities rather than the dis-

Moreover, on the ground, it does not seem like international organizations such as the WHO, UNAIDS, and the World Bank are held accountable for delivering results that are meaningful to impoverished populations in Haiti, Bangladesh, or Rwanda. 10 As a consequence, success is not measured in terms of outcomes like infections averted, patient morbidity, and

ease burden in the countries we seek to help.8,9

7 Latest Results, The U.S. President's Emergency Plan for AIDS Relief. http://www.pepfar.gov/documents/organization/115411.pdf. Accessed February 19, 2009.

8 Stuckler D, King L, Robinson H, McKee M. WHO's budgetary allocations and burden of disease: a comparative analysis. Lancet. Nov 1 2008;372(9649):1563-1569. 9 Easterly W. The White Man's Burden: Why the West's Efforts

to Aid the Rest Have Done So Much Ill and So Little Good. New York: Penguin Books; 2006.

10 Collins C, Coates TJ, Szekeres G. Accountability in the global response to HIV: measuring progress, driving change. Aids. Aug 2008;22 Suppl 2:S105-111.

These types of aid efforts are not only poorly devised, but also lack a scientific foundation. Health improvement functions as

a complex adaptive system, where interactions between aid organizations and finances, interventions, and improvement are not necessarily observable. 11, 12 Today, measurement and evaluation of health programs for many international aid efforts are not rigorous enough to be useful for effective aid policy. PEPFAR claims that success is "not best measured in dollars spent," but rather in "services provided and lives saved." 13 Indeed, PEPFAR tries to present its "progress" in this fashion (in addition to reminding us how much it is spending). However, providing a service doesn't mean that (1) it was the right service to provide (consider previous discussion on cost effectiveness and prevention vs. treatment), (2) it was provided well (e.g., delivering HAART is complex, requiring screening, viral-load testing, laboratory facilities and other resources to be effective), or (3) it made a difference in the course of illness. Assuming that provision alone leads to success is simply inaccurate, especially in resource-constrained settings. In contrast, "lives saved" is a useful outcome, but PEPFAR falls short of measuring this in a robust way. Its passive monitoring and high loss to follow-up (e.g.,

<sup>11</sup> Mikulecky DC. Causality and complexity: the myth of objectivity in science. Chem Biodivers. Oct 2007;4(10):2480-2491.

<sup>12</sup> Patel AM, Sundt TM, 3rd, Varkey P. Complexity science: core concepts and applications for medical practice. Minn Med. Feb 2008;91(2):40-42.

<sup>13</sup> U.S. President's Emergency Plan for AIDS Relief. http://www.pepfar.gov/. Accessed February 19, 2009.

"dropouts") may seriously underestimate patient mortality. <sup>14</sup> In short, despite billions of dollars of investment, it remains uncertain what difference PEPFAR has made on key outcomes.

When devising future aid investments and interventions, a socially just international aid system should prioritize scientific data ahead of aid allocated. Additionally, there should be a transparent measurement and evaluation system that reports both short and long term results accurately. This approach may favor the utilitarian theory to social justice, but it is the option most amenable to wisely using scarce resources. Discovering a medium between what is scientifically valid and what is socially just is the optimal way for the public health community to save lives. Science and social justice need not be mutually exclusive. Just as President Obama promised to "restore science to its rightful place" in his inaugural address, so too should those working at the intersection of international aid and public health. •

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<sup>14</sup> An MW, Frangakis CE, Musick BS, Yiannoutsos CT. The Need for Double-Sampling Designs in Survival Studies: An Application to Monitor PEPFAR. *Biometrics*. May 12 2008.

# Revamping Foggy Bottom Bureaucratic inefficiencies are inhibiting the State Department

by Lauren Walter

 $oldsymbol{I}$ n today's global dynamic, with the threat of nuclear proliferation dangerously lurking beyond the horizon, the U.S. government must initiate institutional reform of its own defense structures to contain nuclear proliferation. The American public deserves restructuring of the Department of State (DoS) and the Department of Defense (DoD) so that only one has control of counterproliferation activities.

Currently, there are two separate organizations the DoS Office of Cooperative Threat Reduction (CTR) and the DoD Defense Threat Reduction Agency (DTRA) - whose goals overlap almost entirely. The DoD spends \$59.9 million on its counter-proliferation initiatives in the Office of Cooperative Threat Reduction, a section of the Bureau of International Security and Nonproliferation (ISN).1 The ISN addresses Global Threat Reduction through six programs, focused primarily on nonproliferation in the former Soviet Union. The United States has focused most of its attention on the former Soviet states due to the historic "arms race" between the Soviet Union and United States during the Cold War.

Within the Department of Defense, the Defense Threat Reduction Agency shares goals similar to the ISN, but is allotted over \$400 million annually. Furthermore, the DTRA garners greater attention and respect internationally: seven USSR countries designated the DoD as the CTR Executive Agent, showing the significance of the DTRA.2

There is simply no need for the ISN, since the DTRA is larger and more effective. Instead of funding the State Department's non-proliferation branch, the ISN's funding should be reallocated to the DoD's DTRA budget. Documented measures show that the majority of objectives and goals are being sufficiently met by the DTRA, so any additional funding should be able to be apportioned suitably. With the dissolution of the ISN, the DTRA would have an expanded purview, increased budget, leadership of the G-8 Global Partnership, and a liaison position to maintain communication with the Department of State.

#### Let's see how far we've come

The DTRA was formed in October of 1998 with the express intention of securing and dismantling weapons of mass destruction in the former Soviet states.3 Along with its CTR division, it has four offices to achieve this mission. In 2007, the U.S. Code was amended, allowing for use of CTR outside the former Soviet Union. This Code (22 U.S.C. ch. 68a sec. 5963), however, limits the DTRA's use of funds for projects or objectives outside the FSU.

The DTRA has four goals: to dismantle Soviet weapons of mass destruction (WMD), consolidate and secure Soviet WMD and related technology, increase transparency and encourage higher standards of conduct, and support defense and military cooperation to prevent proliferation. A total of twelve programs fall under these goals, whose progress is marked clearly through explicit measures of program performance. The DTRA performs enormous tasks and executes more CTR initiatives than that of ISN. Thus far, the DTRA's high success rates evince their ability to take on additional responsibility (i.e. G-8 Global Partnership, countries outside the former Soviet

<sup>1</sup> Phil Dolliss, Personal Interview, 11 Mar. 2009.

<sup>2</sup> United States, Cooperative Threat Reduction, Fiscal Year 2009 Annual Report to Congress (Washington: Defense Threat Reduction Agency, 2008).

<sup>3</sup> U.S. Code Collection, "Chapter 68A: Cooperative Threat Reducation with States of the Former Soviet Union" Title 22: Foreign Relations and Intercourse, 09 Mar. 2009, http:// www.law.cornell.edu/uscode/22/usc\_sup\_01\_22.html.

Figure 1: DTRA/CTR Performance Measures

Source: United States, Cooperative Threat Reduction, Fiscal Year 2009 Annual Report to Congress (Washington: Defense Threat Reduction Agency, 2008).

Union). The DTRA maintains that no other government body has shown the requisite willingness and ability to complete these performance measures and subsequent objectives.<sup>4</sup> Figure 1 presents these performance measures above.

Compared to the DTRA, the ISN has six distinct programs: Global Biosecurity Engagement, Chemical Security Engagement, Nuclear Security Assistance, Science Centers and Libya Scientist Engagement. These programs are accorded only \$60 million in annual appropriations – making their jobs nearly impossible. These programs can easily be absorbed into the goals of the DTRA. Indeed, the DTRA has performed multiple external reviews over the past decade at the behest of the Government Accountability Office (GAO). Having taken these steps, along with several others recommended by the GAO, DTRA has demonstrated that it is well-equipped to assume the ISN's workload.

#### Less is more

According to the Congressional Research Service (CRS), there are over 20 countries outside the

4 United States, Review Panel on the Future Directions for Defense Threat Reduction Agency Missions and Capabilities Combat Weapons of Mass Destruction, Report (Washington: DTRA, 2008). 3.

5 United States, Government Accountability Office, Weapons of Mass Destruction: Nonproliferation Programs Need Better Integration (Washington, GAO, 2005) 11.

former USSR that likely have or are suspected of having nuclear, chemical, or biological weapons capabilities.<sup>6</sup> However, the DTRA's jurisdiction is essentially limited only to former Soviet states by Chapter 68A of the U.S. Code – it lacks the legislative freedom to develop policies towards non-Soviet countries. If, however, Chapter 68A of the U.S. Code is updated, then DTRA can more readily absorb the program objectives of the ISN.

Revising the Federal Code now would help streamline much of our government's counter-proliferation efforts. This will promote efficiency and a clearer route to complete CTR performance measures.

#### Up the numbers

In order to incorporate the ISN's responsibilities within the DTRA, Congress must increase the DTRA's budget proportionally. If the DTRA completely assumed the ISN's budget into its own, its budget would increase by 14.1%. It is unlikely, however, that the ISN's budget would need to be completely reallocated to the DTRA. After all, the DTRA is already a well-functioning agency with available resources (i.e. employees, organizational structure). It is more likely that

6 Shannon Squassoni, "Globalizing Cooperative Threat Reduction: A Survey of Options" (Washington: Congressional Research Service, 2006) 11. a portion of ISN's previous funding could be allotted for smaller, newer operations within DoD.

has already developed good relationships with many former Soviet states. To strengthen its position as a leader of non-proliferation, the DTRA must now cultivate relationships with

non-Soviet actors.

If the United States wants to continue setting foreign policy, it needs to take a closer look at its inefficient counterproliferation policies.

Connecting the dots

Despite the United States' significant power and authority on

foreign policy issues, counterproliferation has not been addressed recently. If the United States wants to continue setting foreign policy, it needs to take a closer look at its inefficient counterproliferation policies. The responsibilities should largely be transferred to the DTRA, while a liaison could remain in the ISN division.

The ISN Weapons of Mass Destruction Terrorism (ISN/WMDT) would serve as an ideal liaison, because this liaison would work in immediate quarters with those responsible for any failure of information or action in CTR initiatives. This means that information from DTRA could run smoothly to ISN/WMDT, minimizing opportunities for faulty information communication. While the ISN office is not necessary, it is important to have a designated individual within ISN/WMDT to keep the State Department apprised of DTRA business.

A multitude of different reports have cited the need for a more centralized and focused approached to CTR.<sup>10</sup> The overlapping programs within the ISN and the DTRA engender inefficiency and ineffective handling of CTR. It is crucial, therefore, that the ISN be dissolved. In its place, Congress should expand the DTRA's responsibilities and its budget, transfer oversight Global Partnership" (Heiligendamm: 2007) 2.

10 United States, Committee on Strengthening and Expanding the Department of Defense Cooperative Threat Reduction Program, "Global Security Enhancement: A New Model for Cooperative Threat Reduction" (Washington: The National Academies, Prepublication Copy).

Specifically, the additional money could be offered to both former Soviet and non-Soviet states, in an effort to help them complete their disarmament objectives. Indeed, these countries are usually bound by CTR agreements, but too often they lack the funding to actually fulfill their promises. This lack of funding has proved to be a nagging hindrance in the continued progress of nuclear disarmament.7

#### Making the switch

The ISN also oversees the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction (G-8 Global Partnership), an organization established in 2002 at the G-8 Summit in Halifax. By 2004, the United States had pledged \$10 billion over ten years in order to expand CTR initiatives beyond the former Soviet Union.8 As stated earlier, the United States must increase funding for nonproliferation initiatives in non-Soviet countries — the G-8 Global Partnership provides one avenue to achieve this goal. It is extremely important, then, for the DTRA to continue to make headway on this goal.

In 2007, the G-8 Global Partnership reaffirmed its objectives made at the 2002 Summit, while beginning to identify new projects. The DTRA

7 Bruce Walter, Personal Interview, 09 Mar. 2009.

8 Mary Alice Hayward, "Remarks at the Conference: 'Tomorrow's Proliferation Pathways: Weak States, Rogues and Non-State Actors'" (Belfast, Maine: Department of State, 2008). 4.

9 G-8 Summit 2007 Heiligendamm, "Report on the G-8

of the G-8 Global Partnership to the DTRA, and open a liaison position in the State Department for communication with the DTRA. These recommendations reflect that the mission of the ISN is no longer relevant and that the objectives of the DTRA must not be limited to only formerly Soviet states.<sup>11</sup> Once in place, these measures will provide a stronger U.S. approach to CTR. •

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<sup>11</sup> United States, Review Panel on the Future Directions for Defense Threat Reduction Agency Missions and Capabilities Combat Weapons of Mass Destruction, Report (Washington: DTRA, 2008). 5.

# Georgia on My Mind

by Dr. Yuri Urbanovich

Editor's note: This article forms the second part of a two part series on the Russian-Georgian conflict. The first part was printed in our Fall 2008 issue (Volume II, Issue 1).

The disappearance of the Soviet superpower, oppressive to its subjects as it was, has created a dangerous imbalance of power among its former components and between them and their neighbors. Possibility of serious conflicts arise. Russia, which by any definition is a Great Power in the classical sense, is bordered by the much weaker states which have broken away from the Soviet structure. As with water, power will find its level.

#### - Elie Kedourie

Eight months have passed since the Russian-Georgian conflict, and the international community can now view August's tragic events more objectively. The inescapable conclusion, according to the Organization for Security and Cooperation in Europe, is that Georgian President Mikheil Saakashvili started the war and subsequently lied about it. Although the Kremlin may have provoked the Georgian leader, such provocations do not excuse Saakashvili from his part in sparking the conflict.

Georgetown Professor Charles King concisely described the situation in an article for the Christian Science Monitor, writing that "Russia must be condemned for its unsanctioned intervention. But the war began as an ill-considered move by Georgia to retake South Ossetia by force. Saakashvili's larger goal was to lead his country into war as a form of calculated self-sacrifice, hoping that Russia's predictable overreaction would convince the West of exactly the narrative that many

commentators have now taken up."1

#### An inevitable path to war

In hindsight, Russia's actions were not unprecedented. Moscow has long staked out a major diplomatic role in the post-Soviet region, similar to the United States' role in Latin America. In light of these circumstances, Russian inaction would have been interpreted as an unacceptable demonstration of weakness and indecisiveness.

Moreover, a number of internal problems compelled Moscow to intervene in South Ossetia. Even before the Russian-Georgian conflict escalated into a hot war, many South Ossetian refugees had already fled to the Russian republics of North Ossetia. This influx of South Ossetian citizens seriously undermined Russian domestic security, and these tensions came to a head in 1992, in a conflict over the Prigorodny district (a disputed area between North Ossetia and Ingushetia). Although hostilities have cooled since the clash, the relationship between South Ossetia, North Ossetia, and Ingushetia remains delicate. Had Russia kept silent during the Georgian attack on South Ossetia, it would have jeopardized its own internal security.

#### Message to the West

Russia's decision to act also came as a response to Western foreign policy. In the early 1990s, Western leaders assured Russia that NATO would not expand eastward after German reunification. Former Soviet president Mikhail Gorbachev went so far as to say in an interview with Business Week that Western leaders had personally assured him that NATO would not expand even "one meter." Gorbachev continued: "It was Bush. It was Jim Baker. It was [German Chancellor Helmut] Kohl

<sup>1</sup> Charles King, "Russo-Georgian conflict is not all Russia's fault," The Christian Science Monitor, August 11, 2008.

who issued the promise."2

With this reassurance, Russian leaders hoped that the West would be a reliable source of technical expertise, financial support, and political friendship as Russia transitioned to democracy and free markets. Moscow made immense concessions on several issues in light of this belief, most notably with regards to arms control. According to Jack Matlock, former U.S. ambassador to the Soviet Union, Russia allowed "Washington to get '120 percent of what it wanted in [arms control] negotiations' with the Kremlin."3 The promise of a privileged relationship with the West, however, never materialized.

Indeed, in 1997, NATO began to expand into Eastern Europe. U.S. officials claimed that this expansion would promote democracy and encourage political reform in ex-Communist countries, but such promises seemed disingenuous. After all, NATO's first ex-Communist entrants - Poland, Hungary, and the Czech Republic were already strongly committed to democracy. Therefore, Michael Mandelbaum, an expert on Russia, goes further and asks: "[I]f the Americans truly believed that NATO membership was the

best way to guarantee free elections and constitutional rights, why didn't they immediately offer it to the largest ex-communist

country of them all, Russia itself? Instead, Moscow was told it would never be able to join."4

In the end, NATO expansion created significant distrust between Russia and the West. The process also exacerbated beliefs that Russia needed

to be able to assert itself militarily if it wanted to have a say in European affairs. In this vein, last summer's conflict with Georgia presented Russia with a prime opportunity to show its military strength. Through a strong display of force, Russia conveyed the message that it would remain a key player in the Caucasus.

#### A muted regional response

In contrast to the strong international reaction following the Russian-Georgian conflict, the nations that actually border the two countries have offered a largely subdued response. The Commonwealth of Independent States (CIS), a regional organization made up of ex-Soviet republics, has failed to reach a consensus on how to approach the conflict.

On an individual level, the ex-Soviet nations have refrained from making definitive statements supporting either Georgia or Russia. Although Ukrainian President Victor Yushchenko adopted a pro-Georgian stance, the Ukrainian political elite have remained divided on the issue.

Yet Moscow's traditional supporters have been equally hushed. Even Kazakhstan, which has

The promise of a privileged relationship with the West, however, never materialized.

a reputation of being Russia's main Eurasian partner, refrained from adopting a clear opinion on the Russian-Georgian conflict. Similarly, although relations with Russia are important for Belarus, Minsk has kept quiet in an attempt to balance its political interests with the EU. Armenia has also been recalcitrant; last August, the Council of Defense Ministers of the Collective Security Treaty Organization in Yerevan was unable to come up with a consolidated view of the situation in the South Caucasus.

<sup>2</sup> Steve LeVine, "Gorbachev Bids Goodbye to Unrestrained Capitalism," BusinessWeek, March 20, 2009

<sup>3</sup> Ekedahl, C.M. and Goodman, M.A. (1997). The Wars of Shevardnadze. University Park, PA: Pennsylvania State University Press, p. 101

<sup>4</sup> Michael Mandelbaum, "Russia: Ease Moscow's Suspicions," Newsweek, December 8, 2008.

Azerbaijan and Moldova have acted cautiously as well. Baku, unlike Tbilisi, has not built its foreign policy on a tough confrontational basis. Rather, it views Russia as a counterweight to the West. In addition, Azerbaijan borders Iran; nearly 30 million Azeris live in Iran, comprising 1/3 of the Iranian population. Baku, therefore, is afraid of being dragged into any Iranian conflict, where it might be used as a base of Western operations against Iran. Such a situation, if it were to occur, would also invite Iran to undertake a retaliatory strike against Azerbaijan. In light of these circumstances, friendly relations with Russia are appreciated.

The same motivation influences the government of Moldova. Moldovans are willing accept important Russian conditions, such as refusing to join NATO and recognizing Russian territorial claims within Moldova, for the sake of establishing control over the self-proclaimed Dniester Moldovan Republic.

#### The future of South Ossetia and Abkhazia

The post-Soviet region has been fundamentally changed in the wake of the conflict. South Ossetia and Abkhazia now appear on the map of the former USSR as two new states. The argument that only Russia and Nicaragua have formally recognized these two territories means little. After all, in 1983, only Turkey recognized the Turkish Republic of Northern Cyprus (TRNC). Since then, the TRNC has become a factor in Mediterranean policy. Abkhazia and South Ossetia join Taiwan, Kosovo, and the TRNC as partially recognized states.

Indeed, although the United Nations currently does not recognize either Abkhazia or South Ossetia, both states have maintained full-fledged diplomatic relations with Russia, a country that is a member of the nuclear club and has veto power within the UN Security Council.

Some experts have criticized Dmitry Medvedev's decision to recognize South Ossetia and Abkha-

zia as being hasty and irrational. These critics believe that Moscow should have waited on formal recognition in order to corral more allies, at least within the CIS. Rumors persisted that the young president merely wanted to show that his strength and ability to make decisions independent of his political mentor and "big brother", Vladimir Putin.

One must recognize, however, that Medvedev had little room to maneuver after the August conflict. There were two options available to him. He could either show weakness by acting slowly, thereby provoke instability in the North Caucasus, or he could formally recognize the two republics and offer them military protection. President Medvedev chose the latter.

#### What can be done?

Starting with Zviad Gamsakhurdia, Georgia's political leaders have had a penchant for viewing their country in Messianic terms. In this vein, Gamsakhurdia's successor, Eduard Shevardnadze, referred to Georgia as an "Israel of the Caucasus."

On the surface, such statements indicate that Georgia has a special role to play in the democratic transformation of the Caucasus. Yet they also reflect Georgia's desire to become a key U.S. ally in the region. Mikheil Saakashvili has skillfully deployed 2,000 Georgian troops in Iraq, making Georgia the third-largest presence in the coalition, after the United States and Britain. Saakashvili calculated that these gestures would place Georgia on the fast track to NATO admission. Defense Minister David Kezerashvili confirmed these sentiments, stating that "if we seriously want to become members of the alliance, naturally we have to assume partial responsibility and operate like the alliance members."

Georgia's actions have been largely reciprocated. The Georgian military received extensive assistance from the United States and Israel. In a roundtable discussion at this year's annual

meeting of the Southern Conference on Slavic Studies, Professor Allen Lynch stated these Western actions encouraged Saakashvili to believe that "he could escape geography and substitute the United States for Russia in Georgia's foreign relations."

American actions have not gone unnoticed by Russia. Since 2003, U.S.-Russian relations have been characterized by an abandonment of cooperative security schemes and a de-facto retrenchment of Cold War containment policies. Saakashvili went so far as to claim that Georgia will act as the West's vanguard in this new "Great Game" for supremacy in the Caucasus. This is a dangerous position for Georgia to take, as painfully revealed by the conflict this past summer.

With a new U.S. administration in place, there is always a chance of a new and better beginning. Improving Georgian-Russian relations will not, of course, be an easy task. A recent report from the Commission on U.S. Policy toward Russia provides all parties with a good starting point.<sup>5</sup> The findings in this report support two general recommendations. First, the West must work closely with Georgia "to develop options other than NATO membership to demonstrate a commitment to the sovereignty of...Georgia." Second, however, "Washington should not expect that it can attempt to create its own sphere of influence on Russia's borders while simultaneously seeking a constructive relationship with Russia."

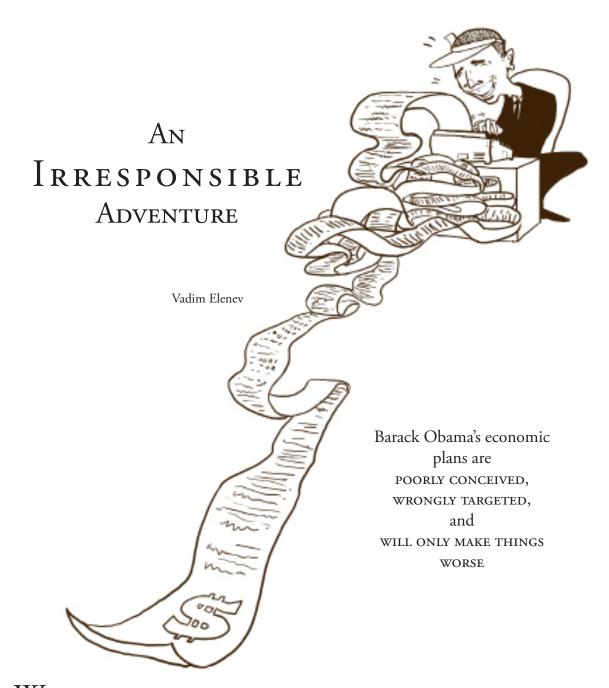
As I mentioned in my first article, Sir Winston Churchill once noted that "difficulties mastered - are opportunities won." Today, Georgians must struggle with the painful fact that they have lost 17% of their former territory. Bringing South Ossetia and Abkhazia back under Georgian control now sounds like a total utopia.

However, hope still exists that Georgia, through political and economic reform, might one day attract South Ossetia and Abkhazia to return. Of course, this will take time, patience, and wisdom from the Georgian leadership. Yet we should never say never. Indeed, it is my hope that Georgia can one day become – in certain ways – a Switzerland of the Caucasus.

Yuri Urbanovich is a native of Tbilisi, Georgia. He received his doctorate in international relations from the Graduate School of the Diplomatic Academy of the Russian Ministry of Foreign Affairs. An expert on conflict analysis and resolution, Yuri has been conducting research and teaching at the University of Virginia since 1992. In 1995, former President Jimmy Carter invited Yuri to serve as aconsultant on a mission to assess the Georgian-Abkhazian conflict. From 1998-1999, he served as the co-director of a conflict resolution project on the Republic of Georgia initiated and conducted by U.Va.'s Center for the Study of Mind and Human Interaction (CSMHI). At U.Va., Yuri teaches courses in "Russian Politics" and "The Caucasus in World Affairs".

<sup>5 &</sup>quot;The Right Direction for U.S. Policy toward Russia," A Report from The Commission on U.S. Policy toward Russia, March 2009.





White House Chief of Staff Rahm Emanuel's statement, "You never want a serious crisis to go to waste," encapsulates the Obama administration's efforts to deal with an economy in tailspin. Faced with the most difficult economic situation in decades (and perhaps elected because of it),

Obama is taking measures that do little to alleviate the crisis, a lot to harm recovery, and even more to advance a political agenda that predates any slowdown in the U.S. economy.

The number of initiatives proposed, debated, or enacted into law in the first fifty days of the



Obama presidency is staggering. The American Recovery and Reinvestment Act ("stimulus package") has already become law. Congress is now debating a new housing plan and an ambitious budget. A massive banking rescue plan is taking shape, although for many it is proceeding at an unacceptably slow pace. Proposals to overhaul the health care system, the nature of business-labor relations ("Employee Free Choice Act"), and national greenhouse gas policies will all likely come up before Congress in the coming months.

These proposals meaningfully realign the U.S. economy. The budget for the remainder of 2009 increases federal spending as a percentage of GDP from 20.0% to 27.2%. The stimulus package, even at the reduced estimate of \$787 billion, comes in at roughly 7% of U.S. GDP. From Irwin Stilzer of *The Sunday Times*<sup>1</sup> to Larry Kudlow of CNBC<sup>2</sup>, various commentators see this as a paradigmatic shift towards a Europeanstyle economy, where the free market operates within a confined space. In this scenario, the government defines the general direction of the economy. To be sure, many of Obama's proposals - whether they deal with environmental, financial, or educational issues - firmly place private sector initiatives within a federal agenda.

This shift has significant implications for the current economic climate, for prospects of recovery, and for the future of the American economy. Supporters of Obama's agenda overstate its benefits and overlook its costs. Indeed, rigorous cost-benefit analysis reveals that American taxpayers are about to get a very bad deal.

#### The Return of Depression Economics

The rationale for the stimulus package comes from Great Depression-era economic ideas. Economist John Maynard Keynes argued that when a recession hits, a corresponding drop in consumer spending will result in goods and services produced even though there will be no demand for them. Where classical economic theory suggests that markets will readjust themselves, Keynes believed that the government should play an active role in helping the economy rebound. Specifically, an increase in government spending should help offset the drop in consumer spending. This government injection would then increase total economic output, thereby spurring economic growth. For Keynesianism to work, economic output must increase by more than government spending - an economic principle called the "multiplier effect". If a stimulus package doesn't have a sizable multiplier effect, it will simply be wealth distributing rather than wealth creating. In a study released by the Obama transition team in early January, the President's current package is supposed to produce \$1.60 in output for every \$1 spent.3

This estimate seems a tad Panglossian. The multiplier effect only occurs under certain conditions, such as when government spending is very low to begin with – not when it is already a fifth of GDP. Otherwise, one falsely concludes that the government should do all of the spending in the economy, rather than act as a meaningful complement to the private sector. Moreover, recent scholarship casts further doubt on the multiplier effect. In a recent empirical paper, economists John F. Cogan, Tobias Cwik, John B. Taylor, and Volker Wieland have shown that even under the best conditions, this effect is much smaller than previously thought.<sup>4</sup> As the

<sup>1</sup> Irwin Stezler. "Big Government Will Be Barack Obama's New Deal." The Hudson Institute. 23 Dec. 2008. 18 Apr. 2009 <a href="http://rs.hudson.org/index.cfm?fuseaction=publication\_details&id=5924">http://rs.hudson.org/index.cfm?fuseaction=publication\_details&id=5924</a>. 2 Larry Kudlow. "Obama Declares War on Investors, Entrepreneurs, Businesses, and More." Kudlow's Money Politic\$ on National Review Online. 27 Feb. 2009. The National Review. 18 Apr. 2009 <a href="http://kudlow.nationalreview.com/post/?q=ZWNjNmFiMGI0NjY2MDQ0ZjFjYTAwM2VhYTFIYWNhMjg=>.">http://kudlow.nationalreview.com/post/?q=ZWNjNmFiMGI0NjY2MDQ0ZjFjYTAwM2VhYTFIYWNhMjg=>.</a>

<sup>3</sup> Christina Romer and Jared Bernstein. "The Job Impact of the American Recovery and Reinvestment Plan." The Obama Transition Team. 10 Jan. 2009. 18 Apr. 2009 <a href="http://otrans.3cdn.net/45593e8ecbd339d074\_13m6bt1te.pdf">http://otrans.3cdn.net/45593e8ecbd339d074\_13m6bt1te.pdf</a>.

<sup>4</sup> John F. Cogan, Tobias J. Cwik, John B. Taylor, and Volker Wieland. "New Keynesian Versus Old Keynesian Govern-



amount of money spent goes up, the multiplier effect goes down because of what economists call diminishing marginal returns. Every subsequent dollar spent has less of an effect than the previous one, because it is likely to be a dollar that the private sector would rather not spend. This is not to say that the government should refrain from making any investments in our economy. Some infrastructural spending is undoubtedly necessary. Yet, after the government grasps the low hanging fruit, public works projects become increasingly difficult to justify.

In addition, taxpayers should be cognizant that a stimulus package is unlikely to have significant long term effects. After all, most jobs created by a one-time stimulus end once the money runs out. This is because these jobs are either in infrastructure, where the job ends when the project is completed, or in federal and state agencies, which require continuous funding. The prospect of having to provide that money out of state coffers once the stimulus money is exhausted has led several governors to reject such components of the stimulus package outright. After all, if these jobs were sustainable without government intervention, they would already exist.

Of course, one might argue that the long-term effects do not matter – the only focus should be to prevent a drastic drop in GDP and a precipitous rise in employment in the immediate months ahead. In that case, the stimulus plan still misses the mark. According to the Congressional Budget Office (CBO), a non-partisan government agency, only \$92 billion of the appropriated \$787 billion will be spent this fiscal year. That comes to less than 12%. Most of the projects funded by the stimulus are not - as widely touted - "shovel-ready" and it will actually take months for them to get started.

ment Spending Multipliers." Rock Center for Corporate Governance at Stanford University Working Paper No. 47 (2009). Social Science Research Network. Feb. 2009. 18 Apr. 2009 <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=1356152">http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=1356152</a>.

#### An attack from the Left

Even the strongest proponents of fiscal stimulus, such as recent Nobel Prize winning economist Paul Krugman, have little faith in Obama's plan. According to Krugman, the stimulus needs to be much larger in order to be effective. China's recent stimulus plan, relative to the size of its economy, was more than twice as large as that of the United States. In fact, Krugman notes that the economic decline since the stimulus has already made Obama's plan obsolete. Christina Romer, Chair of the Council of Economic Advisors, echoed Krugman's sentiments. In a recent statement, Romer claimed that the fiscal stimulus during the Great Depression was ineffective because it was too small. This begs the question - if something like the New Deal was too small, why try something even smaller?

On the other hand, policymakers have largely ignored the one policy that most directly jumpstarts the economy and creates jobs The United States has the second highest corporate tax rate of all nations in the OECD, an organization of developed countries. American payroll taxes are among the most significant costs associated with hiring workers. Many economists believe that a reduction in payroll taxes would directly lead to job creation. Indeed, its multiplier is significantly higher than even the most optimistic estimates for government spending. A paper co-authored by Ms. Romer and her husband David, an economist at Berkeley, estimated that \$1 in tax cuts increases output by \$3, nearly double the \$1.60 that each \$1 of Obama's stimulus will produce.<sup>5</sup> President Obama has inserted a number of token tax cuts into his stimulus package. These measures, however, seemed to be part of a political effort to tout the President's bipartisanship, as many of these tax cuts merely postpone the expi-

<sup>5</sup> Christina Romer and David Romer. "The Macroeconomic Effects of Tax Changes: Estimates Based on a New Measure of Fiscal Shocks." The University of California Berkeley. Mar. 2007. 18 Apr. 2009 <a href="http://elsa.berkeley.edu/~cromer/RomerDraft307.pdf">http://elsa.berkeley.edu/~cromer/RomerDraft307.pdf</a>.



ration of President Bush's tax cuts.

#### Foiling the Masters of the Universe

The stimulus package is but one of several economically unsound programs that the Obama administration has implemented. Many of

signed adjustable-rate or option mortgages. In those cases, the interest may increase significantly under certain conditions to compensate for the borrower's poor credit history.

This means that President Obama's housing

subsidy will help those who should not have bought homes in the first place. Those who have saved wisely and exercised financial thought-

The ban on bonuses means that these bonuses are now incorporated directly into salaries. Take into account that tax rates on bonuses are higher than those on wages, and this policy amounts to an unintended tax cut for financial executives.

the Obama administration's other policies are similarly counterproductive. Perhaps the best example is the \$500,000 cap on executive pay and the complete prohibition of bonuses at firms receiving financial bailout funds. First, this arbitrary rule leads to many companies paying back government money early in order to maintain the freedom to set their own compensation policies. Considering that the government lent money to these financial institutions in order to shore up the private banking system and stimulate the flow of credit, the premature return of such money is likely to hamper earlier government interventions. Moreover, this cap caused an interesting phenomenon to develop - Wall Street salaries have gone up dramatically. The ban on bonuses means that these bonuses are now incorporated directly into salaries. Take into account that tax rates on bonuses are higher than those on wages, and this policy amounts to an unintended tax cut for financial executives.

Obama's housing plan is also unlikely to be effective. It throws a sizable amount of money – more than \$70 billion – at essentially the wrong problem. In a situation where many of the homeowners in danger of being foreclosed have negative equity (their homes are worth less than the amount of the mortgage principal they have outstanding), the proposed housing plan subsidizes their interest payments. Interest payments are a problem mainly for homeowners who

fulness get nothing. Besides creating an incentive for economic mismanagement, the proposed legislation will likely have a chilling effect on lending. For instance, currently, a bank may not want to modify a loan if it believes the borrower will default anyway. Under the new plan, however, the bank may have no choice. Nothing stops a lender from lending quite like the government telling the borrower that paying back only half the loan is okay, whether the lender likes it or not.

#### No such thing as a free lunch

While there are few benefits, the costs of Obama's economic policies are enormous. The proposed budget puts the 2009 projected deficit at \$1.2 trillion. That is more than double the largest deficit under the Bush administration, even when it was coping with a recession and responding to September 11th at the same time. The CBO predicts that the national debt will double in ten years and exceed our GDP even sooner. If the CBO's estimates are correct, we wouldn't even be able to meet the European Union's Maastricht Treaty convergence criteria for membership into the Euro, a currency that's currently seen as less safe than the U.S. dollar.

<sup>6</sup> Kevin G. Hall, and David Lightman. "CBO: Obama's budget would double national debt over decade." McClathcy News. 20 Mar. 2009. Yahoo. 18 Apr. 2009 <a href="http://news.yahoo.com/s/mcclatchy/20090320/pl\_mcclatchy/3193602">http://news.yahoo.com/s/mcclatchy/20090320/pl\_mcclatchy/3193602</a> 1>.



American debt-holders have taken notice of the U.S.'s financial position. Since the 1940s, the United States has enjoyed a tremendous advantage in the world's financial markets. Foreigners have long held the dollar as the currency of last resort, presuming that U.S. government bonds would be a safe investment. In the current financial crisis, investors still flock to buy up U.S. bonds, even though these bonds pay some of the lowest interest rates. This behavior may not continue forever, however, and the reckoning will be painful. Already, our biggest debt-holder, China, has considered diversifying away from the dollar, as Chinese-European commerce increases. In a diplomatic first, the Chinese Premier Wen Jiabao publicly expressed worry in the soundness of the \$1 trillion of debt that the U.S. government owes to China.

To prevent default on our bonds, the federal government will have to resort to drastic tax increases. Obama's plan to simply tax the rich won't work. Even a prohibitive tax rate on everyone making over \$250,000 won't be enough to pay off our debts.

The alternative to tax increases is to print more money, resulting in inflation. This is, arguably, an even more painful option. We have thus far been spared the pains of stagflation - the combination of high inflation and low or negative GDP growth that defined the economic crisis of the 1970s - largely because of plummeting commodity prices. Plummeting commodity prices allowed the Federal Reserve to lower its interest rates to nearly 0%, and the Treasury to sell bonds at yields hovering around 1%. As commodity markets enter a correcting phase as they are now appearing to do - and as cartels such as OPEC begin to re-establish control over prices, inflation will likely rise. The cost of borrowing will go up for both the government, decreasing its ability to finance reckless spending, and for individuals, preventing real estate recovery and further reducing the availability of credit. This analysis does not even consider the surging costs of Social Security and Medicare, which already threatened the solvency of the U.S. Treasury.

Other elements of the economic agenda are equally troubling. Supporters of the housing plan concede that it offers incentives for bad behavior. The Employee Free Choice Act is likely to impose significant union-related benefit costs on businesses and further slow job recovery. The administration's supports this Act, yet also expresses concern over rising health care costs and their effect on business competitiveness. This inconsistency is startling. Proposing carbon emission caps that increase the cost of manufacturing cars immediately following attempts to prop up the American auto industry already suffering from high production costs is no less contradictory.

#### Wall Street Blues

For two months, the Obama administration had been unable to formulate a comprehensive bank rescue plan. Whether it's Citigroup or AIG, the government's approach continues to be ad-hoc and overtly political. The Treasury Department gives cash injections to those who ask the loudest at the most opportune moments, and even this money has come with bizarre strings attached. For instance, Bank of America earns \$10 in revenue for every \$1 spent on sports marketing. Yet it, like Citigroup, received great pressure from the Treasury to abandon its sponsorships. By establishing these conditions, government bureaucrats seem to claim that they know more about the effectiveness of sports marketing than sports marketing professionals. In a climate of such populism, investors are, not surprisingly, unconfident.

Of course, no one can figure out what is actually scaring investors. On top of such increasingly populist legislation, markets could also be affected by the imminent rise in inflation or the soaring national debt. Regardless, the markets are scared. At the end of February, markets were



down 20% since Obama took office. The S&P 500 Index hit its lowest level since before Bill Clinton's re-election, wiping out 13 years of gains. Granted, the stock market is affected by more than just government policy, but the fact that this is the worst post-inauguration market performance in 90 years is nonetheless telling.

In late March, Treasury Secretary Geithner finally announced the Public-Private Investment Program (PPIP), which will be the cornerstone of the Obama administration's financial policy. However, the PPIP is essentially a more complex version of the first bailout package, the Troubled Asset Relief Program (TARP). Under PPIP, private firms will receive favorable loans from the government to buy toxic assets from other firms. If the toxic assets default, the private firms will not have to pay the money back to the government, because the loans are "non-recourse". The success of this program relies on the assumption that these assets are undervalued on the

companies' books because there's no market for them. Government loans, therefore, will create the missing liquidity and allow banks bly because, in the end, the government will be on the hook. It is unlikely that a crisis brought on by high leverage will be fixed by more leverage. It is perhaps unsurprising, therefore, that although the equity markets responded positively to Geithner's announcement, the credit markets, which PPIP seeks to fix, did not.

The Obama administration has responded to its critics remarkably harshly. White House Press Secretary Robert Gibbs spends a few minutes at each press conference denouncing the villain of the day. His choices have ranged from the conventional – Rush Limbaugh – to the obscure – CNBC reporter Rick Santelli, who criticized Obama's housing plan a day earlier. But in planning its ad hominem attacks, the Obama administration fails to actually consider the substance behind the critics. The argument against Obama's economic policy is not the same old tired politics that Obama claims to have defeated in November. It is a legitimate concern

It is unlikely that a crisis brought on by high leverage will be fixed by more leverage.

to exchange these assets for much needed cash. If the assets eventually perform, the government will get most of its money back.

But there's no reason to believe that they will. Most experts have already concluded that the problem is not illiquidity.<sup>7</sup> Previous Treasury Secretary Henry Paulson abandoned the original plans for TARP precisely because of this conclusion. Since then, defaults have only accelerated. Furthermore, non-recourse loans encourage banks to take on additional leverage irresponsi-

for the soundness of the U.S. economy, for the direction it is taking, and for the priorities the President is setting.

By pursuing policies aligned closely to the leftwing political ideology he espouses rather than sound economics, Obama is certainly not letting a crisis go to waste. Whether he is letting the United States of America go to waste, however, is a different question. •

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<sup>7</sup> John M Mason. "Public-Private Investment Program: Liquidity or Solvency?" Seeking Alpha. 24 Mar. 2009. 18 Apr. 2009 <a href="http://seekingalpha.com/article/127639-public-private-investment-program-liquidity-or-solvency">http://seekingalpha.com/article/127639-public-private-investment-program-liquidity-or-solvency</a>.



regulatory policy, specifically antitrust and securities regulation. Born in Moscow, Russia, he currently lives in Dobbs Ferry, New York. Vadim spent the past summer working on derivatives and structured finance pricing models at Cornerstone Research, a litigation consulting firm. He has accepted an offer to return to Cornerstone after graduation.

# Where Were You When We Were Getting High?

A federal government without teeth by Xiao Wang

In Gonzales v. Raich, the Supreme Court ruled that Congress, acting under its Commerce Clause authority, could regulate and prohibit the use of marijuana. The Raich decision would seem to have resolved an emerging dispute between national policies - which prohibited all marijuana use – and recent state laws that sanctioned marijuana for medical use. Yet nearly four years after the Raich decision, the medicinal marijuana problem remains largely unresolved.

Attorney General Eric Holder's recent decision to cease DEA raids on medical marijuana clubs is a step in the right direction, but it by no means brings the controversy to an end. At best, Holder's decision might signal a gradual shift towards de-criminalization; at worst, it will undermine federal laws and prolong a confusing and inconsistent system of drug enforcement.

Indeed, despite federal laws that prohibit the cultivation, distribution, and possession of marijuana, thirteen states continue to sanction marijuana for medical use. The Rhode Island and New Mexico State Legislatures even enacted medicinal marijuana laws post-Raich, seemingly undeterred by the Supreme Court's decision.<sup>2, 3</sup> Although federal drug enforcement officers have shut down a handful of cannabis clubs in California, most medicinal marijuana users have been largely unaffected by the Raich decision.4 As it stands, the national ban on medicinal marijuana

is fairly non-existent, as federal policies are only sporadically enforced.

Whatever the appeal of the status quo, such an arrangement ultimately disadvantages both medicinal marijuana supporters and the federal government. For proponents of medicinal marijuana, the de facto legality of marijuana can be considered only a partial victory. Current medicinal marijuana users still face the risk of federal prosecution. Moreover, assuming there is some legitimate medical use for marijuana, the threat of federal prosecution deters physicians from prescribing marijuana to deserving patients and prevents prospective users from obtaining essential information on marijuana's medical benefits.5

Similarly, the status quo significantly undermines federal drug enforcement goals. The federal government has traditionally relied on state officers to enforce federal drug laws at the local level, thereby allowing federal Drug Enforcement Agency (DEA) agents to concentrate on curbing larger illicit drug operations. Yet, in states with medicinal marijuana laws, most officers are now compelled to follow state laws rather than national ones.6 Such actions clearly undercut the viability of federal drug policies. In addition, they represent a broader challenge to our nation's system of federalism. Without state cooperation, however, the *Raich* decision has lacked force, leaving issues of federalism largely unsettled.7

Congress needs to take action to address the concerns of both medicinal marijuana advocates and federal government officials. A decisive, wellprepared plan of action would clarify medicinal

<sup>1</sup> Gonzales v. Raich, 545 U.S. 1 (2005)

<sup>2</sup> R.I. Gen. Laws § 21-28.6 (2006)

<sup>3</sup> N.M. Stat. Ann. § 26-2B-3 (2008)

<sup>4</sup> See McDonald, Jeff. "Agents Raid 13 Pot Dispensaries in S.D. County." San Diego Union Tribune 13 Dec. 2005. Lexis-Nexis Academic. 18 Feb. 2009 <a href="http://www.">http://www.</a> mapinc.org/newscsdp/v05/n1949/a06.html> and "Medical Frequently Asked Questions - NORML." Marijuana Law Reform - NORML. 18 Feb. 2009 <a href="http://norml.org/index.">http://norml.org/index.</a> cfm?Group\_ID=3387>.

<sup>5</sup> Conant v. Walters, 309 F. 3d 629 (9th Circuit, 2002) 6 City of Garden Grove v. Superior Court of Orange County, 157 Cal App. 4th 355, 68 Cal. Rptr 3d (2007) 7 Erwin Chemerinsky, Assessing Chief Justice William Rehnquist, 134 U. Pa. L. Rev. 1331 (2006)

marijuana enforcement, and could potentially benefit both parties. There are three basic approaches that Congress could take on this issue: it could ramp up enforcement, it could reduce enforcement by re-scheduling marijuana as a Schedule II drug, or it could opt to support more research on marijuana's medical effects. These first two approaches have significant shortcomings, leaving the third option as the best way to resolving resolve the medicinal marijuana problem.

First, stepping up enforcement would be logistically difficult and politically unpopular. As stated above, many state officers enforce state laws permitting medicinal marijuana, rather than federal ones forbidding it.

Following court precedents in *New York v. U.S.* and *Printz v. U.S.*, however, the federal government cannot simply commandeer these officers to start enforcing federal laws. To ramp up enforcement, therefore, the federal government can either promote state compliance through conditional spending policies or significantly increase the number of DEA agents. Neither option is particularly attractive.

Following the Supreme Court's reasoning in *South Dakota v. Dole*, Congress could implement conditional spending proposals that require states to execute federal drug policies in order to receive funding for public health programs. These policies, however, would be fraught with several problems. Contracting out federal enforcement duties to state officers, for instance, is a classic example of the principal-agent problem. State officers have little incentive to use their best efforts to enforce federal marijuana laws, particularly given their previous adherence to popularly-enacted state laws which treated marijuana differently. In addition, conditioning state compliance on public health funds could be

politically disastrous. If a state refused to comply with the government's conditions, would the federal government really want to restrict Medicare and Medicaid funding (in an economic recession, no less) because a few thousand people wanted to use marijuana for pain relief?

Congress could also ramp up enforcement by pre-empting state governments and hiring DEA agents to enforce the national ban on marijuana. 10 This option, though, is equally problematic. Again, it would be politically unwise for Congress to spend billions of dollars on hiring and training DEA agents while the country endures a deep and prolonged economic recession. In addition, DEA agents are at a comparative disadvantage when it comes to enforcing national laws at the local level. The federal government often defers to state officers on drug enforcement issues because, presumably, these officers have a better understanding of conditions within their local communities. It would take time for national DEA agents to develop such expertise, thus hampering any centralized federal effort to prohibit marijuana.

#### Worse than coke

Instead of increasing enforcement, Congress could opt to decrease enforcement by re-classifying marijuana as a Schedule II drug. Under the Controlled Substances Act, marijuana is currently a Schedule I drug, or a drug that has "no... accepted medical use in treatment."11 Despite copious anecdotal evidence supporting marijuana's medical benefits, the federal government has repeatedly refused to re-classify marijuana. Prima facie, it might seem logical for Congress to reconsider. If marijuana became a Schedule II drug, it would join cocaine, opium, and fentanyl as drugs with some "currently accepted medical use with severe restrictions."12 If re-classified, marijuana would still be tightly regulated, but nonetheless be available to patients in need. Yet, 10 City of Garden Grove v. Superior Court

10 City of Garden Grove v. Superior Court
11 21 U.S.C. Sec. 811 and 812, Controlled Substances Act
(2007), Cornell Legal Information Institute
12 Ibid.

<sup>8</sup> *Printz v. United States*, 521 U.S. 898 (1997) and New York v. United States, 505 U.S. 144 (1992)

<sup>9</sup> South Dakota v. Dole, 483 U.S. 203 (1987)

despite the appeal of categorizing marijuana as a Schedule II drug, two obstacles lie in the way: standardization and a lack of empirical evidence.

First, medicinal marijuana use is not standardized. Any current anecdotal evidence regarding marijuana's medical benefits needs to be tempered by the fact that patients use marijuana in

different dosages with different chemical ingredients. There are over 400 chemical ingredients in marijuana, and a significant move-

was associated with several positive, short-term medical benefits, it also recommended further research before a definitive conclusion could be reached. Thus, in light of the paucity of empirical evidence and the lack of standardization, it would be imprudent to re-classify marijuana as a Schedule II drug at this time.

The vast majority of evidence both in favor of and against marijuana use, therefore, comes from anecdotal reports or small-scale case studies.

ment to standardize marijuana for medical treatment has not yet taken shape. <sup>13</sup> Such standardization is essential for a drug to be prescribed safely and used effectively.

Second, there is a lack of rigorous, empirical data that support marijuana's alleged medical uses. This doesn't mean there isn't a legitimate medical use for marijuana. Rather, it reflects the federal government's reluctance to support sufficient research on the topic. The federal government owns a marijuana farm in Mississippi for research purposes, but Congress has repeatedly turned down state requests to use the farm to study marijuana's medical effects. 14 The vast majority of evidence both in favor of and against marijuana use, therefore, comes from anecdotal reports or small-scale case studies. Such data are undoubtedly subject to problems of confirmation bias and researcher partiality. Even the most authoritative statement on marijuana's medical effects – a 1999 report by the Institute of Medicine – based its findings on the biological effects of cannabis, rather than actual clinical trials. 15 Although the report found that marijuana use

#### Separating fact from fiction

Rather than stepping up enforcement or re-classifying marijuana as a Schedule II drug, Congress should support additional research on marijuana's medical value. As it stands, both proponents and opponents of medicinal marijuana often rely on anecdotal evidence and preconceived notions regarding marijuana's efficacy. This reliance on non-scientific evidence should be put to an end.

In order to resolve the medicinal marijuana controversy, Congress needs to support an official, large-scale clinical study on the drug's effects. Specifically, Congress should choose a state with a medicinal marijuana program (California, for instance) and work with representatives from said state to craft a standardized, rigorous empirical study. Upon completion of the study, Congress should re-convene, interpret the study's findings, and decide then how to approach the medicinal marijuana question (re-classification, increase enforcement, etc).

A formal, scientific marijuana investigation enables Congress to make an informed decision on a drug policy. If the research revealed a legitimate medical use for marijuana, the study's standardized nature would pave the way for marijuana's re-classification. The study would also place strict 16 Ibid.

<sup>13</sup> Miller, Henry I. "Crackpot Legislation." The New York Times 17 June 2007, Late Edition ed.: 14WC.

<sup>14</sup> State v. Tate, 505 A. 2d 941 (NJ, 1986)

<sup>15</sup> Benson, John A., and Stanley J. Watson, eds. Marijuana and Medicine: Assessment of the Science Base. New York: National Academies P. 1999.

limits on the chemical composition of marijuana for treatment. Such restrictions would subsequently guide physicians in prescribing safe, appropriate, and effective doses of marijuana for their patients in the future.<sup>17</sup>

There are certainly shortcomings in adopting a research-oriented approach. Namely, state and national governments would probably have to keep the current enforcement regime in place throughout the duration of the study. The status quo, of course, disadvantages both proponents and opponents of medicinal marijuana. However, by undertaking a well-planned research investigation now, Congress can fully evaluate its marijuana policy and make a policy judgment based on scientific evidence in the future. This, it seems, would be far better than just making a hasty decision to change the status quo now.

In addition to maintaining the status quo in the short term, a study on marijuana's medical benefits would also face certain logistical issues. Those conducting the study would be confronted with problems such as recruiting subjects and segregating them appropriately into control and treatment groups, calibrating a standardized dosage of marijuana for the treatment group, and limiting confirmation bias. Ideally, a team of experienced federal and state researchers could work together to address these issues. Advocating further research would face other problems as well. If the proposal is not communicated clearly to the public, for instance, it might be interpreted as merely kicking a tough issue down the road. Yet given the alternatives, it is the most sensible approach for Congress to take.

The considerable discrepancy between federal and state drug policies requires Congressional action. Rather than favoring one side or the other, however, Congress should first move to ascertain more information. By determining the medical effects of marijuana now, Congress will be able to make a more prudent and credible 17 Miller.

policy decision later. •

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Unequal Treatment

The salary discrepancy between primary care physicians and medical specialists by Lindsey Ryan

Primary care physicians are an imperative part of our healthcare system. They are able to diagnose and treat many healthcare problems, while medical specialists only deal with one specific branch of medicine. In recent years, however, the salary gap between medical specialists and primary care physicians in the United States has been steadily widening in favor of specialists. This pay disparity has created a shortage of primary care physicians, which in turn implies a decrease in the quality of healthcare and an increase in medical cost inflation. By reforming existing policies and metrics, such as the Resource-Based Relative Value Scale and Sustainable Growth Rate, Congress can begin to address the salary gap between medical specialists and primary care physicians. Such measures will begin to address larger structural problems in the American healthcare system.

#### The gap

As Table 1 indicates, the median income of all primary care physicians in 2004 was \$161,816, which stands in stark contrast to the \$297,000 median income of all specialists. This gap has grown consistently, as primary care compensation increased 9.9% between 2000 and 2004, while average specialist compensation increased 13.8% in the same period.

In addition, these trends appear to be continuing. A 2007 survey indicates that median compensation for primary care physicians rose to \$182,322, while median salary for specialists reached \$332,450. Based on these trends it is reasonable to expect the pay disparity to continue to widen if existing practices and policies remain in place.

#### Implications of the salary gap

Decreased quality of primary healthcare services If this salary disparity persists, the most talented medical school graduates may be discouraged from choosing primary care positions, eventually leading to a decrease in the quality of services provided by primary care doctors. In the past decade alone, the percentage of graduating medical students choosing residencies in primary care has dropped by 50%. The decreasing popularity of primary care as a career path has, unsurprisingly, resulted in a shortage of primary care doctors. The shortage is especially problematic, because studies have shown that a higher ratio of primary care physicians to population size - with respect to family physcians in particular - leads to better health outcomes and lower overall medical costs.

#### Medical Inflation

The shortage of primary care physicians likely exacerbates the problem of medical inflation. Researchers believe that medical costs will continue to inflate at about 10-15% a year. Meanwhile, they predict that average HMO premium rates will increase by approximately 11.8% in 2009. This figure, while lower than 2008's initial increases, is on track to overtake inflation and general healthcare trends. Several studies suggest that a high ratio of primary care physicians to population is associated with lower medical costs. This is largely due to the fact that primary care physicians are often familiar with their patients over a longer period than most specialists are. This relationship allows doctors to perform diagnosis and therapy more cost-effectively.

#### Addressing policy shortcomings

The quality of healthcare appears to be decreasing at the same time that medical costs are inflating. Such a negative correlation signifies deteriorating efficiency and cost effectiveness in the American

All primary care         Hedian Compensation, U.S.S         10-Year Change, %         5-Year Change, %           All primary care         133 329         147 232         161 816         21.4         9.9           Family practice (without obstetrics)         129 48         147 232         165 011         20.8         7.5           Internal medicine (without obstetrics)         129 48         147 232         161 816         21.4         9.9           Anacthesiology         129 085         141 676         161 188         24.9         13.0         7.5           Anesthesiology         276 494         147 676         161 188         24.9         15.8         15.8           Anesthesiology         270 666         280 353         325 999         35.5         16.3         17.2           Cardiology: noninvasive         337 000         366 894         247 815         26.9         16.3           Cardiology: noninvasive         337 000         366 894         37.5         46.9         17.2           Demathology         176 348         176 348         178 427         16.9         17.2           Energency medicine         176 439         188 569         28.6         28.6         28.6         28.6         28.6         28.6	$Table\ I.$ Median Pretax Compensation of Physicians, 1995–2004*	tion of Physician	s, 1995–2004*			
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	Urology	213 448	301 772	335 731	57.3	11.3

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\* Data are from the Medical Group Management Association, Englewood, Colorado, December 2005. Compensation refers to net income.

healthcare system. The result of these patterns is an overall decrease in access to quality healthcare for all Americans, specifically for those patients in lower income groups. To address this problem, Congress must recognize and resolve existing policy shortcomings. Additionally, it must adopt new policies that will address the causes as well as the implications of the salary gap between general practitioners and medical specialists.

Reform the Resource-Based Relative Value Scale and Relative Value Update Committee

Medicare and the majority of HMOs use the Resource-Based Relative Value Scale (RBRVS) to compute physician's payments and lessen the fee disparity between office visits provided by primary care physicians and procedures provided by specialists. Every five years the Relative Value Update Committee (RUC) meets to renew and improve the scale. The RBRVS, however, penalizes primary care physicians by undervaluing office visits and by overvaluing procedures. In 2005, for example, the Medicare fee for a typical office visit with a primary care physician was \$89.64, while a visit of comparable duration to a gastroenterologist had a Medicare fee of \$226.63.

These problems are further compounded by the fact that the RUC is primarily comprised of medical specialists, which could compromise the integrity of the scale and its ability to equalize physician pay. Changing the requirements for procedures and codes of the RBRVS could substantially alter the pay imbalance problems currently facing the healthcare system. Placing more monetary value on primary care visits instead of predominantly on specialist procedures as is done in the current system is the simplest way to recognize the value and importance of primary care.

In order to accomplish this, Congress can require that the composition of the RUC be regulated by certain standards. For example, a requirement that the committee be composed of equal numbers of primary care physicians and specialists might provide scales that are more equitable. Though medical specialists would undoubtedly object to such an arrangement, the voices of primary care specialists need to be heard in the processes affecting the RBRVS. Giving them more input in the process would help close the pay gap, which would in turn provide an incentive for more medical students to choose primary care practices.

Because the Centers for Medicare and Medicaid Services mandate the RBRVS system, Congress can threaten to cut the agency's budget if it does not implement these recommendations. This option, then, incurs little monetary cost and requires the expenditure of minimal political capital.

Split the Sustainable Growth Rate Formula Conversion Factor

Congress developed the Sustainable Growth Rate (SGR) formula in 1997 to control Medicare spending by setting yearly goals for total physician payments. If total physician expenditures exceed the yearly goal, the SGR requires that Congress reduce the conversion factor used to calculate payment in order to bring spending back in line with the target, effectively reducing payments delivered to physicians.

The SGR penalizes primary care by applying a single conversion factor to all physician services. Evaluation and management services, typically performed by primary care physicians, have been growing more slowly than imaging and other procedures typically performed by specialists. Because the SGR uses one conversion factor for all services, the large increases in spending for specialized services compels Congress to drive down the conversion factor used to calculate payment for all physicians, including primary care doctors.

Splitting the conversion factor into two categories, one for evaluation and management services (E&M), and one for non-E&M services such

as surgical, diagnostic, and imaging procedures would be an effective step in closing the gap between primary care and specialist salaries. By creating separate conversion factors, the increased physician expenditure caused by the increasing volume of non-E&M services performed will not affect primary care physicians. This action would be monetarily costless, but might require the expenditure of some political capital, since the issue tends to divide Congress along party lines.

#### Additional considerations

Allow physicians to bill for time spent communicating with patients

Primary care physicians spend an increasing amount of time communicating with patients over the phone and through e-mail. These relationships decrease costs and keep less urgent cases out of hospitals, allowing physicians to use resources more efficiently. Insurance reimbursement policies currently reward diagnostic testing and medical treatments at higher rates than communication with patients, and fail to allow physicians to bill hours spent on the phone and writing e-mail. Congress can likely incorporate physicians' billing for time spent communicating with patients into the reforms of the RBRVS system by amending relevant codes and processes.

Relieve student loans for medical students who choose primary care careers

The ability to pay off student loans quickly creates an incentive for medical students to choose higher-salaried specialist positions. With a higher starting salary, specialists are able to pay off these loans earlier than primary care physicians are. Congress could address this concern by creating grants for top medical students choosing primary care positions or offering no-interest loans to these students. Unfortunately, this policy is difficult to implement because of the current budget crisis and state of the economy. Furthermore, there is only mixed evidence that medical students actually factor student debt into their decisions about residencies and career paths. One

study finds no correlation at all between residency decisions and debt, which indicates that more research needs to be conducted before policies of this type are implemented.

The salary disparity between primary care physicians and specialists is detrimental to the American healthcare system. Although the additional schooling and unique skills necessary rationalize higher salaries for specialists, primary care physicians nonetheless remain the backbone of our healthcare system. It has been demonstrated that a high ratio of primary care physicians relative to population provides better health outcomes and lower medical costs, ensuring that more Americans have access to affordable, quality healthcare.

Congress can begin to address this disparity by recommending reformations to the RBRVS and splitting the conversion factor of the SGR. Additionally, they should allow primary care physicians to bill time spent communicating with patients, and conduct more research into the relationship between student loans and choice of medical careers. Although these policies obviously cannot solve the problems of the entire healthcare system, Congressional action directed toward making Medicare a leader in healthcare payment reform is a step in the right direction.

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# America's Flawed Payday Lending System

Do not pass go by Neal Modi

Many Americans believe that predatory lending originates from large Wall Street firms looking to exploit everyday Americans for money. These beliefs, however, are misguided. In fact, most predatory lending occurs at the local level, in the form of payday lending. The payday lending business leads families who are vulnerable to the allure of fast money into a long and arduous life of debt. Since the repercussions of payday lending are so great, governments at all levels should regulate payday lending by placing caps on interest rates, limiting rollovers and extensions, and creating minimum loan terms and partial installation plans.

Payday lending, often also referred to as a cash advance or deferred deposit, involves the use of some form of collateral (a post-dated check or an electronic checking account) in exchange for a small, short-term loan. Families that cannot afford to pay their bills or their mortgages often use these loans to temporarily alleviate their situation. Research shows, though, that payday lending usually traps borrowers in debt rather than actually providing them assistance in a time of financial need. According to the Center for Responsible Lending (CRL), borrowers who receive five or more loans a year account for 90% of the payday loan market.1 Furthermore, the CRL's research has documented that "99% of payday loans go to repeat borrowers," implying a continuous and predatory cycle of lending.<sup>2</sup> Although it might be easy to obtain a payday loan, such loans liquidate money from the borrowers' holdings, creating financial burdens that are difficult to overcome.

The most pressing problem with payday lending is the organization and structure of the practice itself. To qualify for a payday loan, borrowers only need a source of income and a bank account - relatively minor restrictions.3 Furthermore, on average, lenders only allow two weeks for borrowers to repay a loan. Borrowers, unsurprisingly, often find that they cannot repay the loan in time. Consequently, they take out a new loan to avoid financial repercussions or imprisonment from defaulting on the old loan. These borrowers soon get trapped in a cycle of debt where they must pay off high interest rates to avoid loan default; such cycles often last for months, or even years. A recent study estimated, "on a loan of \$325 (with a typical annual percentage rate of over 400%), interest is typically \$52 every two weeks, or \$104 every month," a substantial sum for a financially struggling family.4 Payday loans thus purposefully traps and punishes borrowers who are already facing significant economic hardship.

#### Preying on the vulnerable

Payday lending is particularly problematic because it disproportionately affects African-Americans and military families. Of the 22,000 payday loan businesses operating nationwide, over half are marketed in predominantly African-American and military communities.<sup>5</sup> Likewise, the Department of Defense lists payday lending as "one of the top ten key issues impacting the quality of life of U.S. soldiers." A December 2004 New

<sup>1</sup> Payday Lending Traps Borrowers." Center for Responsible Lending (2005).

<sup>2</sup> Payday Lending Traps Borrowers." Center for Responsible Lending (2005).

<sup>3</sup> King, Uriah, Leslie Parrish, and Ozlem Tanik. "Financial Quicksand: Executive Summary." (2006). "Payday Lending Traps Borrowers." Center for Responsible Lending (2005):

<sup>4</sup> Payday Lending Traps Borrowers." Center for Responsible Lending (2005).

<sup>5</sup> Ray, Eric. "NAACP To Target Payday Lenders." June 19, 2008. http://www.kcpw.org/article/6184 (accessed December 3, 2008).

<sup>6</sup> Matthews, Tamika. "Army Takes Issue with Payday Loans." http://www.military.com/Finance/con-

York Times investigation revealed that 26% of military families were in some way involved with payday lending.<sup>7</sup> Although payday lending businesses have a right to operate wherever they wish, their targeting of vulnerable communities is especially troubling. Serious government involvement is necessary to address this problem.

Thus far, eleven states have banned payday lending, resulting in approximately \$1.4 billion dollars saved per year. This number contrasts with the remaining thirty-nine states, where payday lending costs upwards of \$4.2 billion per year. Such statistics clearly demonstrate that government intervention can result in economic gains for the general public.

More, however, needs to be done. A minimum loan term of 90 days, for instance, can significantly alleviate the cyclic nature of predatory payday lending. Currently, 75% of payday borrowers are unable to pay their loans by the usual two weeks allotted by lenders, leaving many to incur large interest fees or, worse, take out a new loan. In contrast, North Carolina, a state whose government heavily monitors lending practices, has a minimum repay term of six months. Such terms reduce problems of repayment. Similarly, a 90 day limit will grant borrowers sufficient time to repay their loan, thus avoiding larger fees and thwarting predatory practices.

In addition, introducing partial installment

payments would mitigate the burdens of repaying a loan. Unlike most consumer debt, payday loans do not operate in

installments and instead must be paid in full. This practice over-extends the borrower. By allowing partial installment payments, borrowers no longer have to save a large sum of money over a limited amount of time. Rather, they can repay their loan gradually.

Third, a cap on interest rates can significantly assuage the malevolent consequences of payday lending. Interest rates are the central reason why borrowers become trapped in heavy fees, as they are unable to repay the original loan; a reduction in this rate can significantly improve borrowers' financial situation. Current consumer loan laws do not apply to payday lenders. These lenders can set interest rates as high as 700%. <sup>10</sup> To ad-

Research shows, though, that payday lending usually traps borrowers in debt rather than actually providing them assistance in a time of financial need.

#### Help on the horizon

Despite these statistics, however, addressing the payday lending problem remains a challenge in most states and for the national government. Historically, the payday lending lobby has successfully persuaded legislatures across the country to exempt payday lenders from consumer loan laws, thus allowing lenders to keep live checks as collateral and set extremely high interest rates without caps. Nonetheless, the political landscape is changing. Many state legislatures have increased regulation and filled in previously existing loopholes within the payday lending system. tent/0,15356,147478,00.html (accessed December 3, 2008).

7 Henriques, Diana B.. "Seeking Quick Loans, Soldiers Race into High-Interest Traps." December 7, 2004. http://www.nytimes.com/2004/12/07/business/07military.html?\_r=1 (accessed December 3, 2008).

8 Donald P. Morgan, Michael R. Strain. "Payday Holiday: How." January 2008.http://www.responsiblelending.org/pdfs/crl-morgan-critique-12-10.pdf (accessed March 9, 2009).

<sup>9</sup> National Consumer Law Center, "Predatory Small Loans National Consumer Law Review (2002), http://www.consumerlaw.org/issues/payday\_loans/pay\_menu.shtml. (accessed December 3, 2008).

<sup>10</sup> Virginians Against Payday Lending, "Virginians Against Payday Loans." May 21, 2007. http://www.stoppaydayloans.org/googled45c5c091ccc3b9c.html (accessed December 3,

dress this problem, the governments must apply consumer loan laws to all lenders, including payday lenders. There is legislation in Congress that proposes to reduce the cap on annual interest rates to 36% - a more manageable rate than the national payday lending average of approximately 400%.11 If such legislation is passed, the terms of the loan will no longer set clients up for failure.

Lastly, strict limits on rollovers, extensions, or back-to-back transactions of loans can address the predatory nature of payday lending. Many payday lenders make their money by extending original loans, according to the CRL.<sup>12</sup> Unlike most businesses, payday lending firms do not attract customers out of loyalty to their organization, but as a result of a borrower's continued inability to repay an earlier loan. With this in mind, rollovers, extensions, and back-to-back transactions are the lifeline for predatory payday lending. By setting limits on the number of extensions and thus limiting the amount of cash lenders can funnel out of borrowers, borrowers can avoid falling into a predatory trap.

#### Addressing the critics

Although some may argue that payday loans exploit the financially needy, others contend that these loans are the only cash poor individuals can receive. Financial consultant Tess Ocean states that "[payday lending's] easy form of application and speedy approval process makes it an ideal choice during urgent situations."13 Ocean's position, however, is not entirely ten-

2008).

11 Center for Responsible Lender, "400% Interest: There Ought to Be a Law." January 1, 2002.http://ga3.org/campaign/36\_percent\_cap (accessed March 13, 2009). 12 National Consumer Law Center, "Predatory Small LoansNational Consumer Law Review (2002), http:// www.consumerlaw.org/issues/payday\_loans/pay\_menu. shtml. (accessed December 3, 2008).

13 Ocean, Tess. "Get Cash Now and Repay on the Next Payday." March 10, 2008.http://www.articlesbase.com/ loans-articles/instant-payday-loans-get-cash-now-andrepay-on-next-payday-587876.html (accessed December 8, 2008).

able. There are a multitude of safer alternatives, including rainy-day funds, small savings accounts, salary advances from employers, credit card advances, and loans from family, friends, religious organizations or social service agencies.14 These alternatives are far less risky than the interest and other fees associated with payday loans. In light of these alternatives, payday lending unambiguously harms borrowers and should be strictly regulated.

It is a sad fact that payday lenders exploit the financially needy for their own benefit. The government has a role to play when the economic interests of businesses and the livelihood of families are at odds with one another. In the end, the government needs to foster a competitive economic environment that confers equal opportunity to all. Payday lending strips families of this opportunity. Fortunately, national and state legislation can address this problem. With caps on interest rates, limits on rollovers and extensions, a minimum loan term of 90 days, and partial installation payments, national and state governments can protect those vulnerable to payday lending and curb its predatory nature. •

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<sup>14</sup> Center for Responsible Lending. "Alternatives to Payday Loans." January 1, 2002. http://www.responsible lending. org/issues/payday/briefs/page.jsp?itemID=29573161 (accessed December 8, 2008).

## Establishing a Better Design Policy for All

Creating public spaces for the disabled by Joanne Tu

When designing public spaces, city planners, architects, and engineers typically consider the needs of the disabled only as an afterthought, or as a way to avoid difficult legal issues. Indeed, these planners sometimes forget to address the needs of disabled citizens altogether. The process of designing these spaces, however, should be based on ensuring barrier-free access and universal, comfortable use for the entire population, including the disabled. In the 1990 American Disabilities Act (ADA), Congress noted that "some 43,000,000 Americans have one or more physical or mental disabilities", or about 19.3% of the U.S. population. When the disabled are left out of design considerations, policymakers are disregarding the needs of these Americans. These citizens cannot fully enjoy public spaces like parks, plazas, schools, public buildings, and many other facilities. If planners, architects, and engineers were willing to make a few simple design adaptations, persons with disabilities could participate in and fully enjoy social activities in public spaces.

#### The disabled, in brief

The Oxford Dictionary defines a disability as "a physical or mental condition that limits a person's movements, senses, or activities." The key word in the Oxford definition is "limits." A formal set of design criteria and policy should be established that allows disabled persons to enjoy public spaces like other citizens, despite their limitations.

Disabled persons include people who were born physically or mentally disabled, people who have acquired a disability after an accident or while in the military, and the elderly, who have become physically and mentally impaired with

1 Public Law 101-336—July 26, 1990 (American Disabilities Act of 1990)

age. Within these three broad categories, subcategories also exist. Some disabled citizens are able to function completely independently or semi-independently. Others require the help of assisted living accommodations or depend completely on others. Public officials need to acknowledge these differences and recognize that all disabled people need appropriate physical accommodations in order to increase their ability to function normally. We should make these accommodations from the perspective that disabled persons are regular and active users of public spaces, rather than as persons who must remain on the outside looking in.

Currently, planners, architects, and engineers often fall into the trap of assuming that because only a few disabled people use a particular public space, they do not need to make this space disability-accessible. Such thinking suffers from the fallacy of "denying the antecedent": if x, then y; therefore, if not x, then not y. This type of thinking, when applied to the field of design, often results in planners neglecting to consider the needs of disabled people when making decisions about the construction and maintenance of public spaces. These planners often hold that if no one from a particular subgroup is currently using a public space, then there is no reason to design a space that will accommodate them. Such reasoning does not consider the fact that if the facilities were accessible, members of the disabled community might actually use them.

#### We can build on this

Retrofitting projects is an important way to ensure that public spaces are ADA-compliant. Indeed, the Act does not necessarily require that new buildings be constructed, but rather allows planners and architects to revamp and update 2 Kenneth S. Pope. "Editorial: Disability and Accessibility in Psychology: Three Major Barriers." Ethics & Behavior. Apr. 2005. Vol. 15 Issue 2, p103-106.

Not just for parking spaces.

existing ones. For example, drinking fountains should be lowered in outside areas to make them wheelchair accessible. As an alternative, builders could also install a second drinking fountain to accommodate citizens who have difficulty bending down. In addition, walking trails in parks should be modified so that they slope no more than 5 percent and are at no more than a 1:12 incline.<sup>3</sup> To retrofit a non-compliant trail, a facility could add wheelchair rest stops. Even hiking trails and waterways can become more accessible to disabled persons if builders used decomposed

3 Karen L Kerkhoff. "How To: COMPLY WITH ADA REGULATIONS." Grounds Maintenance. Sep. 2006. Vol. 41 Issue 9.

granite or limestone screenings, combined with a stabilizer as a top layer on the trail.

#### Making good better

Yet current policies should go beyond mere accommodation. As designer Barbara Knecht writes, "Accessibility is a mandate; universal design is a movement." As it stands, the central difference between current design criteria and disability-oriented design criteria is that the former merely seeks to fulfill accessibility mandates. Disability-oriented design criteria, in contrast,

4 Barbara Knecht. "Accessibility Regulations and a Universal Design Philosophy Inspire the Design Process." Architectural Record. Jan. 2004. Vol. 192 Issue 1, p145-150.

places the disabled population at the center of design discussions. Planners need to consider the disabled as an essential part of the mainstream population. To accomplish this end, public officials, city planners, and disabled persons need to come together and establish a universal set of criteria to design public spaces. The table below, adapted from Nemeth and Schmidt's Index on Accessibility, is a promising place to start. By following these guidelines, we can ensure that our public spaces are designed with the needs of everyone in mind.

With the ADA in place, most community or public spaces already have some form of accommodations for disabled persons. There is always room, however, to improve beyond these minimum legal requirements. Those involved in the design and build process should consider accommodating the disabled population as a challenge to their innovative and creative abilities. In addition, designers have an ethical obligation to incorporate all members of the public in their creation and maintenance of public spaces. According to psychologist Kenneth Pope in Disability and Accessibility in Psychology: Three Major Barriers, "A profession's values—including its ethical values—are reflected in the degree to which its structures are accessible to people with disabilities."5 The level of support that designers provide to people with disabilities in buildings and public spaces is a significant indicator of how willing they are to demonstrate their legal and ethical commitments to keeping the public involved in all aspects of the design process. •

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<sup>5</sup> Kenneth S. Pope. "Editorial: Disability and Accessibility in Psychology: Three Major Barriers." Ethics & Behavior. Apr. 2005. Vol. 15 Issue 2, p103-106.

# Design Criteria for Creating Public Spaces for the Disabled

Index of Accessibility for Disabled Persons in Public Spaces
- Short Version

(adapted from Nemeth and Schmidt's Index of Accessibility)<sup>1</sup>

- $1. \ Are \ non-institutional \ living \ arrangements \ available ?^2$
- 0 = No
- 1 = Yes, some form of non-institutional living arrangements are available
- 2 = Yes, and the living arrangements are in close proximity to public spaces and mixed uses
- 2. How well is the general public made aware of the disabled population in order to remove
  - attitudinal barriers?3
- 0 = No efforts made
- 1 = Some sort of a public outreach campaign has been initiated
- 2 = Attitudinal barriers are constantly being dispelled by a variety of means
- 3. Are community buildings and public spaces such as plazas accessible to disabled persons?
- 0 = Minimally accessible
- 1 = Moderately accessible
- 2 = Easily accessible AND frequently used and enjoyed by disabled persons
- 4. Is there a barrier-free environment? A barrier-free environment includes full accessibility to, within, and around the public space.
- 0 = Multiple to many physical barriers exist
- 1 = Substantial efforts to removing physical barriers have been made
- 2 = All or most of readily identifiable physical barriers have been removed and/or addressed.
- 1J. Nemeth and Schmidt, S. (2007) "Security, Liberty and the Accessibility of Public Space: An Empirical Study" Journal of the American Planning Association, vol. 73(3):283-297.
- 2 Report to the President and to the Congress of the United States by the Architectural and Transportation Barriers Compliance Board, 28
- 3 Ibid 29

- 5. Are telephone areas compliant with the American Disabilities Act and other formal
  - legislation?4
- 0 = No 1 = Some are
- 2 = Most, defined by 75%, are
- 6. Are identification signs relevant to disabilities in place?
- 0 = No
- 1 = Some are
- 2 = Most, defined by 75%, are
- 7. Are warning signs, both audio and visual relevant to disabilities in place?
- 0 = No
- 1 = Some are
- 2 = Most, defined by 75%, are
- 8. Are stairs fully accessible by the disabled?
- $0 = N_0$
- 1 = Most or all stairs only have one hand rail
- 2 = Most or all stairs have two hand rails, AND some or many have ramps
- 9. Is elevator access available?
- $0 = N_0$
- 1 = Yes, but it is difficult to access or is in a constant state of needing repair
- 2 = Yes, it is easily accessible and fully operating
- 10. Are most disabled persons able to successfully reach toilets, sinks, towel dispensers, and mirrors in public restrooms?<sup>5</sup>
- 0 = Nc
- 1 = Yes to 1-2 of the above, including toilets
- 2 = Yes to 3-4 of the above, including toilets
- \* If your community or public space scored between 18-20, you community is well on its way to ensure full accessibility for the disabled population.
- \* If your community or public space scored between 14-17, further steps need to be taken to ensure full accessibility for the disabled population.
- \* If your community or public space scored 13 or below, a formal reevaluation of accessibility for the disabled, veteran, and senior populations is needed to ensure compliance with minimum requirements as well as comfortable mobility needs.

<sup>4</sup> Ibid 32

<sup>5</sup> Ibid 33





# BOOM FOR WHOM?

Community Economic Development and the Urban Regime
Hayling Price

Monticello

For decades, urban regimes have driven revitalization efforts to promote economic development in blighted cities across the country. Today, influential public and private organizations continue to forge partnerships and channel their resources into ambitious projects aimed at energizing economically distressed inner cities. To accomplish their goals, real estate developers, political officials, investment banks, and large corporations have focused on leveraging community assets to promote economic growth.

Unfortunately, these governing coalitions have often pursued aggressive development programs that have prioritized their own agendas over the concerns of the community they are trying to help. Many of these larger businesses hold an advantage over smaller, local establishments, leading to gentrification within a community.<sup>2</sup> In Harlem, New York, this dynamic recently culminated with the rezoning of 125th Street. While this reform could have been a positive development for neighborhood stakeholders such as property owners and job seekers, many locals contend that community voices have been excluded from the planning, therefore making them unable to reap the benefits of change.

After years of economic distress and infrastructural decline, Harlem has recently undergone a transformation that many have hailed as a muchneeded lifeline. Like other urbanites affected by similar campaigns, however, many longtime residents and business owners in the area have been politically and economically disempowered through the rezoning effort. During the process, various community stakeholders clashed with powerful local leaders who aggressively promoted their own development agenda and refused to

compromise on key issues. Community advocates contest that their concerns were not prioritized during the planning phase of this project. Without incorporating these concerns into the project, the development could very well be detrimental to its target audience. The recent controversy in Harlem is symptomatic of a significant trend impacting urban centers across the globe. Insight gained from these problems may be useful for cities in the twenty first century.

## Harlem: a case study in regime-driven development

Soon after the launch of the rezoning effort in 2007, New York City authorities investigated the 125th Street area to highlight its most important attributes. These individuals surveyed the transit accessibility, the tourist attractions, and the distinct cultural identity of the neighborhood. They determined that these three areas were currently underutilized sources of capital.<sup>3</sup> Through comprehensive reform of the area and the creation of a new zoning code, these leaders aimed to maximize economic growth.

Despite the potential for large-scale economic growth, however, this process ultimately deprives Harlem of financial resources through planned redistribution of wealth and income. Through structural revitalization, this process of reevaluating the area causes dispossession; many low-income residents and small business owners are priced-out of the community.

Prior to these modifications, the area suffered from a history of poor reform efforts and a depressed economy. Indeed, before rezoning, components of Harlem's municipal code had not been updated since 1961. This neglect left the district without height restrictions, provisions for affordable housing, or protections for Harlem's arts and culture destinations. Thus, previous zoning efforts were largely unsuccessful in catalyzing development, and often resulted in underutilized

<sup>1</sup> Clarence N. Stone. "The Study of the Politics of Urban Development" in The Politics of Urban Development, ed. Clarence N. Stone and Heywood T. Sanders. (Lawrence, KS: University Press of Kansas, 1987) 12.

<sup>2</sup> David J. Maurrasse. Listening to Harlem: Gentrification, Community, and Business. (New York: Routledge, 2006) 71.

<sup>3</sup> Charles V. Bagli. "Council Clears Way for \$700 Million Complex in Harlem." New York Times. 8 Oct. 2008.

space filled with single-story retail and vacant upper floors.

After significant oversight, local officials designated the heart of 125th Street a "Special District," a distinction that would "encourage the development of a regional business corridor by stimulating new investment as well as new arts, entertainment and retail activities." 4 When

125th Street corridor will represent a departure from the low-rise landscape that for decades has been populated by businesses like beauty salons, soul food restaurants, and independent retail outlets. Often these smaller enterprises were owned by local residents, and unlike the new businesses that will be introduced with the rezoning, the small ventures generated revenue that circulated within the community. The absence of these

community institutions will leave a significant void in the Harlem business community that threatens to significantly

reduce local entre-

While the City remained vocal about maintaining transparency throughout the stages of rezoning, its planning method was far from an open, democratic process.

the Department of City Planning unveiled the original proposal in May 2006, the organization outlined a series of projected goals for the general public. Its major objectives were as follows:

- Catalyze new mixed-use development while protecting the corridor's existing scale and character.
- Establish height limits for new development.
- Maintain a consistent street wall to frame 125th Street.
- Ensure ground floor retail continuity and transparency to improve the pedestrian experience along 125th Street.
- Solidify the corridor's identity as an arts & culture destination.<sup>5</sup>

The Department of City Planning included these provisions to provide comprehensive structural, cultural, and economic frameworks for development. As envisioned by the plan's supporters, the

preneurship.

Developers claim that this shift away from local businesses may take time with the sluggish economy, but once the plan has been fully implemented, boosters hope to see the creation of an economic hub, home to office towers, luxury condominiums, cultural tourism, and various nightlife destinations.<sup>6</sup>

#### An exclusive planning process

Despite community skepticism, supporters of the rezoning plan maintain that the changes will "preserve the community's unique character while providing new economic opportunities for area residents and businesses." After years of fruitless efforts to revitalize the area, the City has focused on 125th Street as an economic engine for Harlem. Accordingly, officials agreed to revise the outdated zoning codes in order to facilitate denser development and fewer restrictions for new construction. Before these plans were officially adopted, they had to pass through the

<sup>4</sup> New York City Council. "Council Votes on River to River Rezoning Plan for Harlem's 125th Street." Press Release. 30 Apr. 2008.

<sup>5</sup> New York Department of City Planning. "City Planning Begins Public Review for Rezoning of Harlem's Renowned 125th Street to Strengthen its Cultural Presence and Catalyze 125th Street as a Major Regional Business District." Press Release. 1 Oct 2007. http://home2.nyc.gov/html/dcp/html/125th/intro.shtml

<sup>6</sup> Timothy Williams. "City's Sweeping Rezoning Plan for 125th Street Has Many in Harlem Concerned." New York Times. 21 Feb. 2008.

<sup>7</sup> New York City Council. "Council Votes on River to River Rezoning Plan for Harlem's 125th Street." Press Release. 30 Apr. 2008. <a href="http://www.council.nyc.gov/html/releases/033\_043008\_125thRezoning.shtml">http://www.council.nyc.gov/html/releases/033\_043008\_125thRezoning.shtml</a>>.



Uniform Land Use Review Procedure (ULURP). This municipal oversight process brought the proposal's drafts through local community boards, the Borough President's office, the City Planning Commission (CPC), and City Council.

While the City remained vocal about maintaining transparency throughout the stages of rezoning, its planning method was far from an open, democratic process. Community representatives with reservations or concerns about the proposal's contents were unable to attain a substantive role in the conversation or gain opportunities to advocate for compromise. CPC only notified certain members of the public and communicated with select constituencies with whom they had privileged relationships. The governing coalition attempted to facilitate community input and promote feedback, but because the process privileged the perspectives of stakeholders who shared the interests of the regime, critics complained that this outreach process was not authentically democratic. Despite months of grassroots campaigning and individual efforts, change finally came through institutional pressure rather than through community engagement. Since then, Harlem advocates maintain that the only way to protect local interests and minimize the social costs of revitalization is through a more democratic planning process. Community advocates' voices would be privileged by this increased inclusion, facilitating change that could be initiated outside of the City's elite circles.

#### Implications for urban governance

Since the 1970s, 125th Street has changed from an underdeveloped area with high unemployment rates and vacant property to a growing business community with a burgeoning young professional class that continues to attract private and public investment. Despite these positive economic trends, many argue that the revitalization efforts occur at the cost of the neighborhood's character. Openly criticized for its hegemonically repressive tendencies against local business and low-income residential interests, the

new zoning process has brought this debate to life.

Although Harlem's rezoning efforts were focused on 125th Street, the process by which it occurred is a reflection of a global phenomenon. Months after the proposal was adopted, Harlem Congressman Charles Rangel, a vocal proponent of the rezoning, shared the plan with Mayor Hau Lung-bin, the mayor of Taipei, Taiwan. Mayor Hau Lung-bin visited Harlem in late August 2008 to learn more about the area's apparent success in urban revitalization. Her visit implies that Harlem now serves as a model for similar development projects around the world.8 Yet, Harlem's revitalization has not been without problems. In order to prevent policy-induced displacement, property loss, and economic exploitation, it is critical that governing coalitions promote a more democratized version of the process that took place in Harlem.

It seems that the structural reforms changing Harlem's 125th Street will promote the financial position of outsiders at the expense of actually advancing community interests. By learning from the political process behind the 125th Street's rezoning project, community representatives should now advocate for a democratic position in the urban development process. If political officials incorporate the community's views and not just the perspectives of key constituencies, individuals outside of development regimes could gain from the end result and retain a stake in the future of their communities.

Hayling Price, of New Rochelle, New York, is a senior graduating Phi Beta Kappa from the University of Pennsylvania. A 2008 Truman Scholar majoring in Urban Studies, his primary research interests include community revitalization, housing policy and economic development. He also focused

<sup>8</sup> Helena Zhu. "Taipei Mayor Learns of Harlem Success." The Epoch Times. 2 Sept. 2008.



on the politics of international economic development while studying at the University of Ghana in 2007. On the graduate level, he plans on pursuing a dual J.D./M.P.A. degree.

This April, staff member Xiao Wang interviewed State Senator Creigh Deeds. A native of Richmond, Mr. Deeds received an undergraduate degree from Concord College and a Juris Doctor from the Wake Forest University School of Law. In 1991, Mr. Deeds was elected to serve as a State Delegate. During his nine years as a State Delegate, Mr. Deeds proposed extensive legislation to protect the environment and increase drug enforcement. He also wrote Megan's Law. In 2001, Mr. Deeds was elected to the Virginia State Senate, filling Emily Couric's former seat. He is currently campaigning for the Democratic nomination for the Governor of Virginia. The Democratic primary will take place on June 9.

Virginia Policy Review: As you know, Virginia has been run by a Democratic Governor for the past two terms. It's probably difficult for you to run for an office when the incumbent is someone from your own party. How would you differentiate yourself from Mark Warner and Tim Kaine? What are some of the priorities that you would bring to the table?

Creigh Deeds: That's a good question. A lot of people actually see this state's strong Democratic foundation as a boon to my campaign. Mark Warner left office with a 74% approval rating. Tim Kaine is leaving office this year with an approval rating in the 60's. Both are generally considered successful governors, with some notable achievements. But everyone's different and I think I bring something new to the table.

A lot of people ask me how I would do things differently from Mark Warner or Tim Kaine. Well, I try to be funny with it, and say that both of those guys have things that I'll never have. Mark Warner has about 250 million of them. And Tim Kaine – he's probably one of the brightest governors we've ever had. Governor Kaine is probably the smartest governor I've worked with.

But the thing that I bring to the table that neither of those guys have is that I've been in the process for over 18 years. I know the process like the back of my hand. As importantly, I know the people involved to get things done.

Specifically, my first priority is to develop a transportation system in Virginia that serves as the model for the rest of the nation. The last governor to invest in our transportation system – Gerald Baliles – now sits at the Miller Center. I want to be the next transportation governor. Transportation is a priority of mine because nothing is more important to creating economic activity than unclogging the avenues of commerce.

Priority number two is to put Virginia on the cutting edge of job creation. I want to turn us into a research-based economy. A lot of people don't know it yet, but the next big thing is going to be ET – Energy Technology. In the future,

Local

An Interview with Virginia State Senator

CREIGH DEEDS

we'll need to rely on new, alternative energies. Energy research is going to take place somewhere in the world – it's just a question of where. I want that place to be here, in Virginia.

Finally, I want to invest in higher education. It doesn't make sense for us to build a 21st century economy in this state and not give every Virginian an opportunity to meaningfully participate in that economy. Right now, we have a better system of higher education than we've paid for over the years. I'd re-tool our community college systems. For me, community colleges are the perfect tool to improve our workforce, because there is a community college within an hour's drive of every Virginian. If we invest in our community colleges, we can create prosperity and opportunity and hope in every corner of Virginia.

should vote for me – it's because I know that education is the key to economic growth and development. Right now, the two big issues in education are affordability and accessibility. I know that there are a lot of reasons why someone might not choose to pursue a higher education. When I'm governor, however, one of those reasons won't be the cost of education. We're going to invest in higher education through financial aid and general fund support. We're going to buck the trend in the past decade, where the state has steadily decreased financial support to our colleges and universities.

**VPR**: How do you specifically plan to increase investment in education? Every year, UVa students hear politicians promise that they'll increase investment in higher education. Yet

VPR: Can you elaborate on your plans to invest in higher education? As you know, we're a student publication, and

"I've spent the last 22 years in elected office in Virginia. I know the people, I know the process, and I've got a plan."

many UVa students are concerned about their job prospects in this economy. Why should a UVa student vote for you in the upcoming primary instead of another Democratic candidate?

**CD**: Well, everyone should vote for me, because I have the best ideas on how to improve Virginia. The Virginia governorship is a one-shot deal. Four years, and then you're done. You've got to have someone who's prepared to lead from day one. I'm that person.

I've spent the last 22 years in elected office in Virginia. I know the people, I know the process, and I've got a plan. I've been an effective legislator, whether I've been in the majority or the minority party. I can be an effective governor as well.

If you want to know why a university student

every year, our tuition prices continue to go up by 10%.

CD: It all, I think, comes back to transportation. Take Northern Virginia for a second. Fairfax County is the breadbasket of the Commonwealth. It's got about 14% of the state's population and about 28% of the state's income tax collections. That revenue shouldn't stay in Northern Virginia – it should travel all over the state. Legally, there's no real meaningful distinction between a State and a Commonwealth. But the term "Commonwealth" is a wonderful metaphor for the notion that we're all in this together.

I'm not suggesting, though, that we simply hike up tax rates in Northern Virginia and transfer these revenues elsewhere. We also need to invest in improving transportation in Northern Virginia. Each day, the average driver in Fairfax County spends an hour a half more in traffic that they do anywhere else in the state. Think about that. Think about the negative effects that has on quality of life. We talk about family values all the time, yet parents in Northern Virginia have to sit in traffic instead of getting a chance to coach their child's Little League ballgame or attend church or have dinner with their family. These statistics suggest that we need to drastically scale up investment in Northern Virginia's system of transportation.

Hampton Roads is another great example. The number one economic tool we have in Virginia, in my view, is the Port of Virginia. It's one of the greatest ports on the East Coast. It could be the best, but it's vastly underutilized because we have failed to invest in the infrastructure to support it.

But there are more than just economic reasons for increasing investment in transportation. There's a moral imperative, especially in areas like Hampton Roads. In these areas, if there is a major hurricane or a 9/11-type strike, you'll have hundreds of thousands of people who won't get out of that area because of inadequate transportation infrastructure. We ought to fix that.

To come back to your original question, I'm convinced that we can create opportunities for economic growth if we invest in our transportation system. The government doesn't really

expenditures help us develop our workforce, which further engenders economic growth. It's a virtuous cycle where economic growth, investment in education, and investment in transportation all build off one another.

VPR: Let's talk about the housing crisis for a second. A lot of Northern Virginia residents have been adversely impacted by the credit crunch. As both a State Senator and as a gubernatorial candidate, what do you think you can do to alleviate their economic circumstances?

CD: The housing crisis is certainly a huge issue. Last year, we had nearly 29,000 foreclosures in Virginia – an increase of 161% from the previous year. This year, the Center for Responsible Lending says that we'll have about 48,000-49,000 foreclosures.

You have to look at the problem from both the front end and the back end. For the last four years as a State Senator, I've introduced legislation to clean up the front end of the lending process. I proposed to put more informational requirements on the mortgage broker and the loan originator. Part of the problem with the banking situation today is that the loan originator gets all of his profits after he makes the loan. His entire incentive is to get the loan closed; he doesn't need to make sure that it's a healthy loan. This results in a situation where people take on loans that will inevitably lead them to

> foreclosure. These loan originators play on the idea that your eyes are bigger than your stomach – you see this big house, your banker tells

you that you can afford it, and you move in, only to eventually realize that you can't really afford to make the monthly payments.

The other side of the problem is that we need

"The government doesn't really create jobs – it creates the circumstances that encourage economic growth and job creation."

create jobs – it creates the circumstances that encourage economic growth and job creation. When economic growth occurs, tax revenues increase, and these tax revenues will allow us to increase expenditures on higher education. Such to figure out how to keep people in their homes. We need to sit down and do some real negotiating with lending institutions and with mortgage holders. That's going to be terribly difficult, and it's a crisis better handled by the federal government. I think we need to wait and follow the lead of the federal government on these issues. The President has proposed a number of steps that I think are reasonable, and we'll need to see how he decides to move forward.

The reason that we should wait [rather than act now] is that we can't create a situation where our state banks are at a disadvantage to federally chartered banks. Since both state and national banks compete in the same market, we need to be cognizant of national policies, and adjust our state policies accordingly.

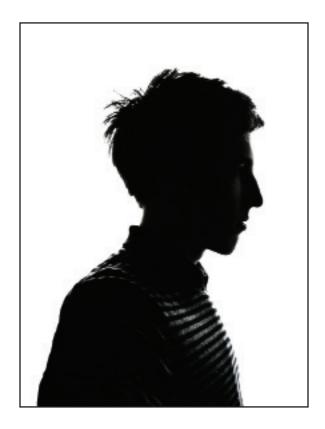
**VPR**: Let's turn to the upcoming primary for a moment. You've already gone up against presumptive Republican nominee Bob McDonnell before in a statewide election, and you lost. So what's different now? Why should we vote for you in the Democratic primary this June?

CD: Bob McDonnell is a smart, articulate, hardworking guy. He's a good Republican candidate in a very critical election. In this campaign, I am the only Democrat that's ever run a statewide race. Brian Moran and Terry McAuliffe have never run a statewide campaign. I'm the only Democrat in this race that's ever run for a competitive office. I've beaten a Republican incumbent and I've been seriously challenged. These other guys (Mr. Moran and Mr. McAuliffe) haven't. I'm the only Democrat in this race that's ever had to get a Republican or Independent vote.

I lost to Bob McDonnell by 360 votes out of 2 million cast. That's seventeen one-thousandths of a percentage point – the closest election in state history. I lost that election when he outspent me 2 to 1. I took him to a draw and that's pretty remarkable. The prognosticators that say that I can't win haven't thought through the issues

enough. I'm an electable candidate, and I can be the next Governor of Virginia.

# Hout the Illustrator



Jason Anderson, of West Chester, Ohio, is a senior at the Washington University in St. Louis. He is majoring in Computer Science. At some point, Jason started drawing on his class notes, a habit which he continues to this day despite graver academic consequences. He works or has worked for almost every on-campus publication at Washington University, from the daily student newspaper to the music and sexuality magazines. If he could draw for a living, he definitely would - it beats coding any day.

We would like to thank our sponsors for their generous financial support. Without their assistance, this publication would not have been possible.

#### The Center for Undergraduate Excellence (CUE)

The Center for Undergraduate Excellence advises students regarding undergraduate research opportunities and national scholarships and fellowships. Students are encouraged to visit the Center throughout their undergraduate careers. For more information about the Center, please visit its website at www. virginia.edu/cue or its office at 305 Harrison Institute/Small Special Collections Library.

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#### University of Virginia Student Council

The Student Council at the University of Virginia is a student-run organization that represents and fulfills the needs of the general student body at the University. In addition to supporting the undergraduate student population, Student Council also reaches out to all graduate schools on Grounds, including the Law, Business, and Medical schools. Student Council is made of a very diverse student population that is divided into several distinct parts depending upon function. The Student Council Appropriations Committee provides funding and support for the nearly 400 active, dependent student groups (CIOs) around Grounds. For more information, please visit our website at www.uvastudentcouncil. com or stop by our office in Newcomb Hall.

#### University of Virginia Parents Committee

The Parents Committee was established in 1980 and is led by talented and dedicated parents from around the world. Each year, the Parents Committee allocates its annual funds to enhance academic and student life programs by supporting a variety of University and student organizations. The Parents Annual Fund also provides valuable resources to incoming parents and supports new initiatives and programs that will enhance the quality of the student experience at the University.



## University Community Partnerships



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Community Based
Undergraduate Research
Grants support students who
seek to connect public service
to academic life through
research. Collaboration with a
community organization is
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