

Opinion



Another Viewpoint

This may be a doozy

By Mark Weisbrot

As the economy shifts into reverse gear and Congress and the president work out the details of a proposed fiscal stimulus, some are asking whether it will be enough to head off a recession. The answer is very likely no.

The timing, length, and depth of a recession depend on many variables and are therefore difficult to predict. But there are certain things that we already know. First, we are witnessing the bursting of unprecedented bubble in house prices. Nationally, a loss of wealth of about \$8 trillion would be necessary just to bring these prices back to their normal long-term trend. Even conservative estimates of the effect of such a drop imply a decline in consumer spending of \$400 billion, or about 3 percent of Gross Domestic Product, or GDP (the total market value of goods and services by produced within the United States during a year). Some economists think the drop would be much more than that, because of the expansion in recent years of consumers borrowing against the (previously rising) value of their homes.

We also have the first official GDP numbers for the last quarter, which shows the economy at a near standstill with just 0.6 percent annualized growth. Consumer spending, which accounts for about 70 percent of the economy, has been holding up; but this cannot last as the price of homes that people have been borrowing against continues to fall.

The size of the proposed stimulus, which is about \$150 billion, is just not large enough to compensate for the kind of spending declines that we can expect. Near the peak of the housing bubble in 2005, homeowners were cashing out about \$780 billion in home equity at an annual rate. Although not all of this was used for consumption, a lot of it was; this "ATM machine" has now run out of cash.

It is worth looking at the total fiscal stimulus provided by the federal government when the previous huge asset bubble - in the stock market - burst. The federal budget went from a surplus of 2.4 percent of GDP in 2000, to a deficit of 3.5 percent of GDP in 2003. This is about six times the size of the proposed stimulus package, although the federal government will automatically provide at least some more stimulus than the current package, as tax revenues fall and some social spending rises.

Based on the experience of the last three recessions, the Center for Economic and Policy Research [www.cepr.net] has estimated that the next recession could increase unemployment by 3.2 million to 5.8 million people, and poverty by 4.7 million to 10.4 million, with at least 4.2 million also losing health insurance. The range depends on whether it is a mild-to-moderate recession like the last two (2001 and 1990-91) or more severe as in 1980-82.

Given the magnitude of the risks and economic pain that our economy is facing, it is imperative to demand measures that will soften the blow - especially for the most vulnerable, including the elderly, unemployed, and poor. The package that passes Congress, despite some positive additions by the Senate, will be especially inadequate to do the job.

Out of the Great Depression came the New Deal, which included Social Security, the legal right to organize unions, unemployment compensation and other reforms that transformed the United States into a more just society while setting the stage for the post-World-War II boom. Over the last 30 years, the country has become vastly more unequal and economic performance has also deteriorated with the ascendancy of the political right.

We are not facing a depression, but the hard times ahead will highlight the need for structural changes such as universal health care and labor law reform. These and other major reforms - including a bigger and "green" fiscal stimulus that would reduce carbon emissions -- should be pushed to the top of the political agenda.

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Who gets to know what?

Years ago, I joked the Health Insurance Portability and Accountability Act (commonly known as HIPAA) was created solely for the purpose of Vice President Dick Cheney.

With a history of health problems, and knowing he may be a vice president candidate, he did what needed to be done to get the law passed to protect his medical records while he was in office. It was initially passed in 1996.

But, even the vice president can't hide behind this law as his health has been well documented since taking office in early 2001.

Now I wonder if anyone is being protected by this law? I've seen too many instances where the law is being abused, or not even used.

Before Thanksgiving last year, my wife's aunt was sent to a Denver hospital in serious condition. She was placed in an intensive care unit. Once she was admitted, her son, and only child, was going through the hospital's admission forms. He was instructed to create a password that only he and the on-duty nursing staff would know when he would either call or visit to check on her condition. Again, The principle of HIPAA is to protect a patient's medical records.

He lived a couple of hours away from the hospital and was trying to balance the time between seeing his mother in the hospital, his own family and job. He called the hospital on a regular basis. Every time he called and explained who he was, he had to give the password.

Turned out, he was the only one who was



John Van Nostrand

• Line in the Dust

asked for the password.

His mother had siblings and other relatives in the area. When they showed up at the hospital, none of them were asked for a password. The staff on duty just showed them to the room.

The weekend after Thanksgiving, wife Jennifer and I went to visit her. Jennifer had been there the day before with her mother and brother. Jennifer was surprised at how relaxed things were in an intensive care unit. We were both under the impression intensive care unit patients were only to have one or two visitors at a time, and immediate family at that.

We walked in the intensive care unit. Jennifer led the way. Nobody asked who we were or why we were there. Once we got to the room, a nurse, without prompting, said she would get the on-call doctor to tell us the current condition. The doctor showed up and we made introductions. He then went into a lengthy, detailed explanation of her condition. We did tell him who we were but it seemed pointless.

Jennifer and I, plus her aunt's other relatives, were all there with good intentions. But what if we did not have good intentions? What if

we were some sort of fact-finders for attorneys potentially building a lawsuit over the cause of the illness? That may be far-fetched, but again, the motive behind HIPAA is to protect medical information.

The doctor was excellent at explaining the condition and possible treatments in a way I think my 5-year-old daughter could comprehend.

That's one extreme of how HIPAA has been used, or not used, since its inception. HIPAA has been modified over the years.

The other extreme has just as much trouble. A former coworker of mine who has connections with newspapers in Wisconsin, said some medical facilities there in the past had not released anything about anybody to anyone. That makes it difficult.

For example, take the bad car accident in a small town and the people in the cars are well known, like a city official or longtime school teacher. They are sent to a hospital and only the rumor mill knows how bad, or good condition, the people are in.

I think what's been done for years still works today, as long as there are health-care facility employees willing to be strict with it. The levels of condition most of us are familiar with, good, serious, critical, stable, is all that is needed until the family, or the patient, is OK with releasing more details.

Like with most other regulations, HIPAA is only as good as the people behind it.

— John Van Nostrand is publisher of the Colby Free Press.

Package is not a good solution

Welcome to this "This Week in Congress." This week is National Salute to Hospitalized Veterans Week. On Friday on my way home from Washington, D.C., I was at the Colmery-O'Neil Veterans Affairs Medical Center in Topeka to visit with hospitalized Kansas veterans. I encourage you to take time out of your day to visit a hospitalized veteran this week and show your thanks for his or her service to our country.

Stimulating the Economy

On Thursday, the House and Senate approved a \$168 billion economic stimulus bill that is expected to be signed into law by the president. The measure includes rebate checks to individuals and business tax breaks.

The government should take action to address the challenges our economy is facing. However, I am concerned this package is not a good solution and that the money to pay for it is being borrowed from future generations and adding to our nation's debt. More debt creates pressure on raising interest rates, which then hurt homeowners, people who are trying to buy a home, people who want to buy a car and people who are trying to pay off credit card debt. I believe Congress and the president should aggressively pursue policies that reduce the price of fuel and costs of health care. These two things are what are so damaging to the family budget in Kansas. I believe we should not sacrifice our long-term economy for a short-term, ineffective fix.

Mental Health Services Available to Veterans

This week, I continued my efforts to ensure veterans have access to mental health care services in a visit to the Dwight D. Eisenhower

Jerry Moran

• Rep. Kansas 1st District

Veterans Affairs (VA) Medical Center in Leavenworth. Multiple deployments have taken a toll on our service members and their families. With a number of service members returning from Iraq and Afghanistan, I have focused on the need for mental health programs and counseling services to treat illnesses like post traumatic stress disorder.

I have learned the VA, like many communities across Kansas, is challenged by a shortage of mental health professionals. Now that Congress and the President have come together and provided additional resources, the VA is in a better position to care for the mental health needs of our service members returning from war and for our veterans. I want to make sure the funds are used accordingly and that the VA is doing what it is supposed to in regard to mental health programs. I appreciated Public Affairs Director Jim Gleisberg and Assistant Director Judith Johnson-Mekota taking me through the facility.

Agriculture Subcommittee Reviews Law to Attract Veterinarians to Rural Areas

On Thursday, the House Agriculture Subcommittee on Livestock, Dairy and Poultry held a hearing to review implementation of the National Veterinary Medical Service Act. The bill was passed by Congress as a means to at-

tract graduating veterinarians to underserved areas, such as large animal practices in rural America. The program does this by providing student loan reimbursement payments in return for the veterinarian's agreement to practice in an underserved area. Although Congress passed the law in 2003 and provided funding to implement the program, USDA has failed to begin administering the program. I expressed my dissatisfaction with USDA's implementation progress. It is important to have veterinarians in our rural communities, not only to serve ranchers, but to provide the first line of defense against potential bioterrorism attacks on our food supply. I will continue to insist USDA begins administration of this program.

Big First Listening Tour Continues

I continued my listening tour with a stop in Great Bend this week. I will continue my listening tour next week with several stops: Monday, February 18

Rawlins County Tour Stop, Atwood; 8:30-9:30 a.m. at Farmers Bank & Trust, 101 S. 4th St.

Decatur County Tour Stop, Oberlin; 10-11 a.m. at Oberlin Chamber of Commerce, hospitality room, 104 S. Penn Ave.

Norton County Tour Stop, Norton, noon-1p.m. at Rotary Club, Town and Country Kitchen, E Highway 36

Thursday, February 21
Cheyenne County Tour Stop, St. Francis; 10:30-11:30 a.m. at Main Street Coffee, 216 W. Washington

Wallace County Tour Stop, Sharon Springs; noon-1 p.m. MST at Rotary Club, Stephen's Restaurant, Junction Highways 27 & 40

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Mallard Fillmore

- Bruce Tinsley

