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■ **Democrats Mull
Iraq War Options**

■ **James Clyburn
Cracks the Whip**

■ **A Get-Tough
Policy on Iran**

National Journal

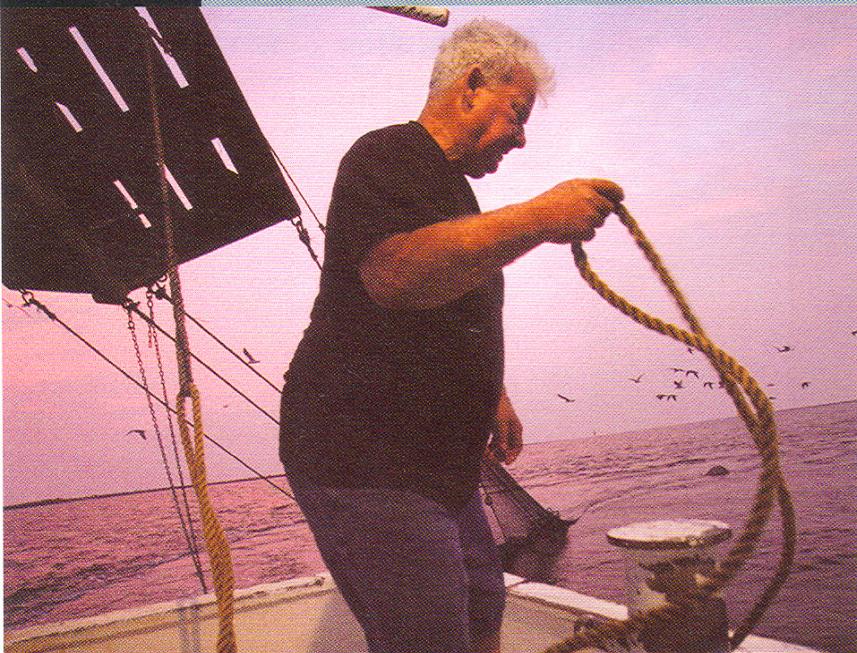


**10 Successes
10 Challenges**

■
A Special Report

A Look at the
State of the Union

Empty Nets



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Shrimping and other coastal industries are threatened by dead zones, where an excess of nitrogen leads to depletion of oxygen. The Gulf of Mexico's dead zone is the size of New Jersey.

sis. But fully implementing such an approach would require national attention and more money in an era when drug issues have largely disappeared from public debate. President Bush issued a proclamation last year declaring September "National Alcohol and Drug Addiction Recovery Month," but he made no public appearances and gave no speeches to highlight the topic.

"We keep looking for a new problem to solve," Johnston mused. "This one has been around for a while, and it's boring."

—Paul Singer

Challenges

Environment

Dead Zones Under the Surface

Many members of Congress are promoting ethanol as an environmentally friendly solution to the nation's dependence on foreign oil. But marine biologists worry that an ethanol boom will worsen the Gulf of Mexico's dead zone, the oxygen-starved region where marine life can't survive. "There's the possibility that biofuels, if they mean expansion of corn in the Midwest, could aggravate the problem," said Nancy Rabalais, a marine biologist and professor at the Louisiana Universities Marine Consortium.

The source of the gulf's hypoxia problem—meaning a deficiency of oxygen—lies in the nation's heartland. Most U.S. ethanol is made from Midwestern corn. If the region's farmers grow more corn, they'll use more fertilizer. Residue from the nitrogen-based fertilizer will be washed into streams that feed into the Mississippi River and flushed into the Gulf of Mexico.

Already, some 1.6 million metric tons of nitrogen flow into the gulf each year. The chemical boosts the summertime growth of algae and plankton, which eventually die and fall to the ocean floor. Bacteria feed on the decomposing plants and proliferate until they use up the oxygen on the bottom.

"The level of oxygen can decline to the point where it affects worms, clams, fish, and shrimp," said Robert Diaz, professor of marine science at the Virginia Institute of Marine Science at the College of William and Mary. "If it gets low enough and lasts long enough, animals that can't escape by crawling away or swimming die."

The Gulf of Mexico's dead zone, which is the size of New Jersey, is one of the world's most notorious hypoxic regions. And the number of U.S. dead zones is growing. U.S. coastal waters now contain at least 36 such zones, including areas in the Chesapeake Bay, off the Florida Keys, and in Long Island Sound, according to the 2003 Pew Oceans Commission report. That number doesn't include dead zones in Lake Erie and other bodies of fresh water. According to the 2004 U.S. Commission on Ocean Policy, "The severity and extent of nutrient pollution are ex-

pected to worsen in more than half of the nation's estuaries and coastal waters by 2020." Worldwide, the number of dead zones in oceans and seas has risen to 200, according to a United Nations report released last October.

"There's some thought that the frequency of these hypoxic areas is increasing in coastal waters. If it is, that certainly is cause for concern," said Steven Murawski, chief scientist for the National Marine Fisheries Service. Scientists need better monitoring data to assess the problem, he said. "Right now, [dead zones] generally come to our attention when we begin to see dead or dying animals."

Although some low-oxygen areas occur naturally, most are created by human activity, primarily the use of nitrogen-rich fertilizer on farms, runoff from large animal-feed lots, and wastewater discharges from treatment plants. Other contributors include runoff from America's cities and nitrates emitted by cars and electric power plants that burn fossil fuels.

Most dead zones in U.S. waters dissipate in the winter, when storms churn up the oceans and sea life returns to the area. "So far, nothing drastic has happened in the U.S. like it's happened in Europe or in Japan," where the dead zones have caused massive killings of fish, Diaz said.

But hypoxia is taking its toll. The U.S. oceans commission underscores that nutrient pollution kills fish, diminishes marine biodiversity, sickens people, and cuts into tourism. Last summer's Gulf of Mexico dead zone reduced the diversity of sea life in a 4,600 square mile area. Rabalais, who has been studying the problem since 1985, said that large fish don't come back to the area even when oxygen levels return to normal. Some scientists suggest that oxygen depletion has hurt the local shrimp populations.

The solution is to reduce the flood of nutrients into waterways. But federal regulators have had a hard time persuading farmers and city leaders to act. "This is diffuse-runoff pollution, and it's not regulated by the federal Clean Water Act," noted Benjamin Grumbles, EPA's assistant administrator for water. "It requires a concerted and collaborative effort" by federal, state, and local regulators, as well as by farmers and businesses, to prevent chemicals from washing into rivers and streams, he said.

Grumbles said that the federal government is tackling the problem, but Rabalais contends that she sees little improvement. "It's not getting worse, it's not getting better—it's not being dealt with," she said. "That's what's happening." —Margaret Kriz

Challenges

Inequality

Yes, the Rich Are Getting Richer

America has always been more unequal, in economic terms, than other democracies—and also more tolerant of this fact than other nations, where inequality has caused political upheaval and even revolution. But while income gaps have stabilized or diminished in European countries, Japan, and other developed countries in the last three decades, disparities here have continued to grow. The United States is already as unequal as China, Egypt, Indonesia, Pakistan, and Russia.

Economic inequality lies beneath much of the debate between Democrats and Republicans over taxes, entitlements, health care, and education, but little that either party proposes would address its root causes. Conservatives argue that inequality is the inevitable and even desirable consequence of a free-market system that rewards work and talent, and that it gives Americans a greater incentive for success than people have in, say, Sweden. Liberals say that growing inequality is a failure of capitalism and of democratic government. Can the gap between rich and poor continue to widen without causing a political backlash?

Using one common measure (called the Gini index), income inequality is twice as high in the United States as in much of Europe, and significantly higher than in any other developed nation. The United States ranks 84th in the world on this scale, behind many nations where the gap between rich and poor is at the center of public debate or political turmoil.

Income inequality in the U.S. dropped sharply in World War II and remained fairly steady until the 1970s. Unlike the gap in many developed nations in Europe and other regions where living standards have improved without exacerbating inequality, the American gap has steadily grown. From 1975 to 2002, the percentage of U.S. income earned by the richest 10 percent (now about 30 million

people) of the population increased from 33 percent to 45 percent. The portion held by the richest 3 million people doubled, from 8 percent to 16 percent. And the share held by the richest 300,000 people tripled, from 2.25 percent to 6.73 percent.

The decline of the stock market in 2000 reversed this direction briefly, but census figures showed that it resumed in 2003. The long-term trend is clear—inequality is widening—and the consistency of the trend belies the claim by many Democrats that President Bush's tax cuts are a major factor. Jared Bernstein of the Economic Policy Institute and other left-leaning economists concede that taxes are a minor contributor to inequality and that a more progressive tax code wouldn't reverse the trend.

Likewise, it is tempting to think that the solution is simply to improve education and skills. Over time, the relative value of education and skills has increased. In 1979, a college-educated man earned 29 percent more than his high school-educated counterpart; that premium rose to 77 percent by 2002. But research by David Card, an economist at the University of California (Berkeley), shows that, when other differences between workers are taken into account, skills and education don't explain why some of them earn more. Do the higher skills and greater productivity of tech-savvy workers, doctors, and lawyers in an Information Age economy explain why the unskilled are falling further behind? No—other research shows that wages, after inflation, lagged behind productivity for 90 percent of workers over the past 35 years. Those at the very top of the income scale reaped all of the gains provided by the productivity of everyone else, including a lot of techies and other highly productive workers. Something much deeper than education or the tax code lies at the heart of the economic divide.

In the United States, the cost of health care is growing rapidly, and it is a considerable source of inequality, particularly for people who cannot afford insurance. In Europe, socialized

medicine is an equalizing force on incomes. Likewise, job losses and pay cuts contribute more to inequality here than in Europe, where inflexible rules on pay, benefits, and employment tend to equalize income (and discourage job creation). While Bernstein is one of the few people to suggest that only a radical move toward the European model would cause a major shift toward equality in this country, he doesn't pretend that this is in the cards, even under a Democratic Congress and White House. After campaigning on a pledge to repeal Bush's tax cuts for high-income people, Democratic leaders in the House and Senate took less than a week to rule out such tax increases. Democrats' proposals to increase retirement savings, encourage the earning of college degrees, and even overhaul the unemployment insurance system would only incrementally affect the powerful market forces that seem to bestow the productive gains of most of American society on a narrow band of business moguls and other economic superstars.

Income Gap

SOURCE: CIA World Factbook

The U.S. ranks 84th in inequality, measured by the Gini index. A score of 0 would mean all incomes are the same; 100 means all money earned by one person. Selected nations:

