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In This Issue

Citizen Health & Safety

[If You Thought Corporate Personhood Was Bad, Wait Until You See Corporate Nationhood in the New Trade Treaty](#)

[Procter & Gamble Receives an “F” in Chemical Transparency](#)

[Senate Committee Fails to Fix Flawed Chemical Bill](#)

Revenue & Spending

[House Gives \\$334 Billion Tax Break to 25 Richest Americans](#)

[Thousands of New Yorkers Take a Direct Role in City’s Budget Process](#)

If You Thought Corporate Personhood Was Bad, Wait Until You See Corporate Nationhood in the New Trade Treaty

by **Scott Klinger**

The government of El Salvador was so concerned that its water was so fouled by mining companies that it passed a moratorium on new mines in 2008. Oceana Gold, an Australian corporation, didn’t like the law, so it sued El Salvador for \$301 million, the amount the company said the policy cost it in lost profits.

The case was not heard in a Salvadoran court, but rather by a special, secretive corporate tribunal based in the United States and overseen by a panel of three judges, all corporate lawyers. If the tribunal rules in favor of the mining company, El Salvador has no right to appeal.

Corporations suing governments sounds like fiction, but it's all too real.

The El Salvador case is unfortunately not a bad science fiction story. Thanks to something known as the investor-state dispute settlement process (ISDS), which is part of the Central American Free Trade Agreement, corporations can sue if they think their interests are negatively impacted by the host country’s laws. And this is only one of a number of international trade agreements that grant corporations these special rights. To date, more than 500 suits have been filed against sovereign national governments by

aggrieved corporations claiming that national laws and regulations have constrained their ability to realize the profits they counted on.

Now the push is on to approve the next big "trade" agreement – with no real public debate.

The Obama administration has just concluded negotiations of a new global treaty called the Trans-Pacific Partnership, or TPP, covering a dozen nations bordering the Pacific Ocean. These nations collectively control 40 percent of the world's economy, making it the largest global trade treaty ever negotiated.

The TPP now must be approved by the U.S. Congress and the national legislatures of each of the other nations involved in the treaty.

The treaty is extremely controversial in part because it has been negotiated under cover of secrecy. Hundreds of U.S. corporations have been involved in the negotiations, while civil society groups – labor unions, environmental organizations, and human rights advocates – have been largely excluded. What we do know about the secret deal was leaked by a few conscientious participants in the negotiations. Documents associated with the trade deal are classified for four years after negotiations end, meaning that those who leaked the documents did so at the risk of large fines or jail time.

If the terms of the deal were made public, opposition would be so great that it would almost certainly fail, so the Obama administration is asking Congress to pass special rules called "fast track authority" that give Congress just 60 days to digest the terms of the complicated deal and then to vote it up or down – without amendment or filibuster. The clock is already ticking, and Congress is expected to vote on the fast track issue within the next few weeks. The alternative to fast track would be open, public debate over the agreement and a fair amendment process that would allow members of Congress to alter or strike offensive provisions.

The Trans-Pacific Partnership creates special rights for corporations and threatens standards that protect our families and communities.

There are 29 chapters in the proposed treaty; just five of them deal with traditional trade issues. The other two dozen chapters convey a vast array of new political and economic rights to corporations, including the type of "corporate nationhood" that allowed the Australian mining company to sue El Salvador. Individual people have no such rights.

The Center for Effective Government has joined the [AFL-CIO](#), 43 major [environmental organizations](#), and a dozen [womens' rights groups](#) in opposing fast track authority for the TPP. Here are just seven reasons why this trade deal is a lose-lose for the American people:

1. The treaty negotiations have **violated all standards of transparency**. For the last five years, hundreds of corporations and industry lobbyists have been intimately involved in the secret negotiations, but the public has learned very little about the agreement.
2. **The treaty would grant foreign corporations the same rights as foreign nations in challenging rules deemed unfair to trade**. This would give corporations the ability to sue the United States for damages if standards and safeguards impeded money-making opportunities. These cases are heard in special, secretive corporate trade courts overseen by a panel of three judges, all of

whom are corporate attorneys. These proceedings are biased against public protections from the start.

3. The TPP itself undermines our right to know about the products we buy and the food we eat. **It would become illegal to label products** “non-GMO”, or even to provide country-of-origin labels on meat and seafood.
4. It would **be illegal to pass a financial transaction tax** under the TPP. A financial transaction tax, or Wall Street Sales Tax, is a small fee placed on the purchase and sale of stocks, bonds, derivatives, and other financial vehicles. In addition to raising hundreds of billions of dollars annually to support public investment, it also would rein in risky speculative activity on Wall Street while having little effect on long-term investors.
5. **Health care costs will rise.** Drug firms would gain rights to extend patents, making cheaper generics harder to get. In addition, doctors discovering new surgical procedures would be able to patent their discoveries and charge a fee anytime another surgeon used them anywhere in the world.
6. The **TPP will accelerate U.S. job losses and shift more positions overseas.** The TPP bans our government from implementing Buy American provisions in taxpayer-financed contracts. This would also mean that when public services are privatized, offshore employers would have to be considered on equal terms with those seeking to hire American workers. Thus, should the Social Security Administration outsource some of its call center functions, beneficiaries could end up talking to someone in Vietnam, China, or Singapore.
7. It **encourages businesses to move their operations to nations with few environmental or labor standards.** Weak labor and environmental standards in some of the TPP signatory nations could create pressure to reduce U.S. public protections.

It's time to act.

Congress is expected to vote on the fast track provision of the Trans-Pacific Partnership before the end of May. Make your voice heard today!

Procter & Gamble Receives an “F” in Chemical Transparency

by Amanda Frank

“Eco-friendly.” “Healthy.” “Responsible.” These are just a few of the labels used on household cleaning products to make them appear safe for consumers. But no one oversees how these terms are used or what they really mean. This becomes readily apparent when you scrutinize the ingredients on cleaning product labels to try to determine how safe and “green” they really are. One company – Procter & Gamble – is so bad at disclosing useful chemical information to consumers that it recently received an “F” from a national environmental health group.

Companies are failing to disclose ingredients and are potentially putting their customers – especially women – at risk from toxic exposure.

In the average household, women still do more than [70 percent of housework](#), meaning they face greater exposure to chemicals in cleaning products than their male partners. And women can pass toxic chemicals they are exposed to onto their children during pregnancy and breastfeeding. So we need to be particularly careful of the products we buy and use.

[Women’s Voices for the Earth](#) graded four leading manufacturers of household cleaning products based on their disclosure of product ingredients and their processes for assessing chemical safety. Here are the results:

	The Clorox Company	SC Johnson & Son, Inc.	RB (formally Reckitt Benckiser)	Procter & Gamble
Sample Brands	Clorox®, Pine-sol®, Formual 409®	Pledge®, Windex®, Shout®	Lysol®, OLD ENGLISH®, EASY-OFF®	Tide®, Mr. Clean®, Febreze®
Overall Grade	B-	B-	C	F

Procter & Gamble received a failing grade. Three other companies (The Clorox Company, SC Johnson & Son, and RB) received average scores but still have substantial room for improvement. More details on the scoring are available in the group's full [report](#).

Companies that make household cleaning products are not required by federal law to disclose their ingredients.

Most cleaning products lack ingredient labels like those found on food or cosmetics. Ingredient labels are essential for consumers with allergies or those looking to avoid certain harmful chemicals.

Companies are increasingly responding to consumer pressure to make product information available online. But many, including Procter & Gamble, still don't disclose the identity of chemical fragrances in their products. Furthermore, posting ingredients online (rather than on a product label) poses an unnecessary hurdle to accessing this information when shopping, and it doesn't help people who lack Internet access.

None of the four companies are transparent about their toxic chemical screening processes.

In the absence of strong federal chemical safeguards, companies are often left to “self-regulate” and do their own chemical safety testing. Unfortunately, the four companies that Women's Voices examined are not being fully transparent about how they test the safety of their products.

None of the companies reveal the criteria used when screening chemicals for potential hazards. Because of this, consumers have no ability to compare screening processes among companies and no way to reward the ones that most stringently evaluate possible risks.

These companies still use chemicals of concern that are hazardous to women's health.

Women's Voices found several chemicals in cleaning products that scientific studies have identified as hazardous to women's health. All four companies have made progress in removing some of these chemicals from their products. For example, none of them currently use [phthalates](#), a class of chemicals that are potentially cancer-causing.

However, each company continues to use other hazardous chemicals, including [ammonium quaternary compounds](#), a disinfectant which poses particular risks to pregnant women and developing fetuses.

Companies can and should take immediate steps to improve public access to information and to safeguard the health of their customers.

To improve disclosure and help their customers make informed choices about the products they use in their homes, companies can list specific ingredients on product labels, including each chemical that goes into product scents and fragrances. Companies can also provide information on their chemical screening processes and use safer chemicals in their products.

According to Women's Voices, annual sales of green cleaning products more than doubled between 2007 and 2011, so companies who do the right thing may also find their market shares increasing. Customers are eager to support companies that use non-toxic ingredients and make products that are better for our health and the environment.

Meaningful progress requires both company leadership and stronger federal chemical safeguards.

Alarmingly, our nation's primary chemical safety law does not require companies or agencies to screen chemicals before they enter the marketplace. The Toxic Substances Control Act of 1976 gave a free pass to over 60,000 chemicals that were already in wide use when the law was enacted. Today, over 84,000 chemicals are in commercial use yet the U.S. Environmental Protection Agency has required testing for fewer than 300 chemicals and banned or restricted only nine.

Congress is currently working on revisions to the flawed law, but most of the [current bills](#) do little to advance chemical safety reform and would end up doing more harm than good by overriding state authority to restrict dangerous chemicals. [We can and must do better.](#)

In the meantime, you can take steps to reduce your risk from untested chemicals.

Women's Voices for the Earth provides [useful resources](#) for avoiding toxic chemicals in cleaning supplies. These include results from independent laboratory testing of popular products and lists of companies that disclose all product ingredients. They even have recipes for making cleaning products at home using everyday ingredients.

Senate Committee Fails to Fix Flawed Chemical Bill

by Katie Weatherford

On April 28, the Senate Committee on Environment and Public Works [reviewed](#) proposed legislation from Sens. David Vitter (R-LA) and Tom Udall (D-NM) to revise the Toxic Substances Control Act (TSCA), our nation's primary chemical safety law. Despite numerous attempts to constructively amend [the flawed bill](#), the committee failed to fix the legislation and sent it on to the Senate floor.

The Vitter-Udall bill was flawed from the start.

When Vitter and Udall introduced their so-called TSCA "reform" bill in March, they claimed it would improve current law by eliminating some of the analytical requirements that TSCA imposes on the U.S. Environmental Protection Agency (EPA) and allowing the agency to move faster to restrict dangerous chemicals. However, when combined with damaging provisions that would weaken the existing law and override strong state protections, the proposal represented a step backward, not meaningful reform.

Revisions to the bill still block states from protecting their residents from toxic chemicals and don't do enough to improve federal law.

In yesterday's committee session, Vitter offered up a new version of the bill, which addresses some of the problems with the prior version. But the updated proposal still threatens to override state and local policies that restrict or ban the most dangerous chemicals and fails to establish deadlines for EPA to issue enforceable chemical safety rules.

The Vitter revisions prohibit states from adopting or enforcing a new chemical restriction or ban once EPA issues a plan to review a specific chemical of concern. This provision would apply to state actions taken after Aug. 1, 2015. States are also banned from taking any action on the chemical during this multi-year review process.

If EPA determines that the chemical is "safe," states are blocked – indefinitely – from restricting or banning the chemical, *even if they have evidence that the chemical poses a risk to their residents*. If EPA finds that the chemical is unsafe, states could take action, but only until EPA issues its own rule on the substance. While states can request a waiver from EPA so they can act to protect their residents, the Vitter revisions retain extremely stringent waiver requirements, and state requests are unlikely to succeed.

The committee voted down a number of critical amendments that would have strengthened the bill.

During yesterday's committee review, Sens. Kirsten Gillibrand (D-NY), Barbara Boxer (D-CA), and Edward Markey (D-MA) offered several amendments that would have corrected the troubling state policy override provisions, established firm deadlines for EPA to adopt chemical restrictions, and required swift action on extremely dangerous chemicals. Vitter opposed each of these amendments, and none of them passed a committee vote.

After defeating the critical amendments, the committee approved the bill and sent it to the full Senate for consideration. Boxer said that she will continue to push for improvements to the bill and will introduce 27 amendments when the legislation comes to the Senate floor in the coming weeks.

If the Senate passes the bill, it will move to the House. Its fate there is uncertain because Rep. John Shimkus (R-IL) is [poised to introduce his own version](#) of TSCA legislation, which would also override many state chemical policies and fail to provide EPA the tools it needs to effectively safeguard the public from toxic substances. The House could choose to act on the Shimkus bill, take up the Senate bill instead, or somehow combine the two.

Congress can improve our toxic chemical law, but only if it protects people and the states.

No matter how the legislative wrangling plays out, one thing is clear: neither bill represents real reform of our nation's chemical safety law, and the American people and the public interest community should [continue to oppose the legislation](#) until state policies are protected and EPA has the ability to take meaningful action to protect us all from toxic chemicals.

House Gives \$334 Billion Tax Break to 25 Richest Americans

by Scott Klinger

The House of Representatives gave 25 of the nation's billionaires a \$334 billion tax break on April 16 when it voted 240-179 to repeal the estate tax. The nearly 100-year old tax raises \$27 billion a year for the U.S. government. Of the 2,662,000 Americans who died in 2013, just 3,700 of their estates paid any estate tax – one out of every 700 estates.

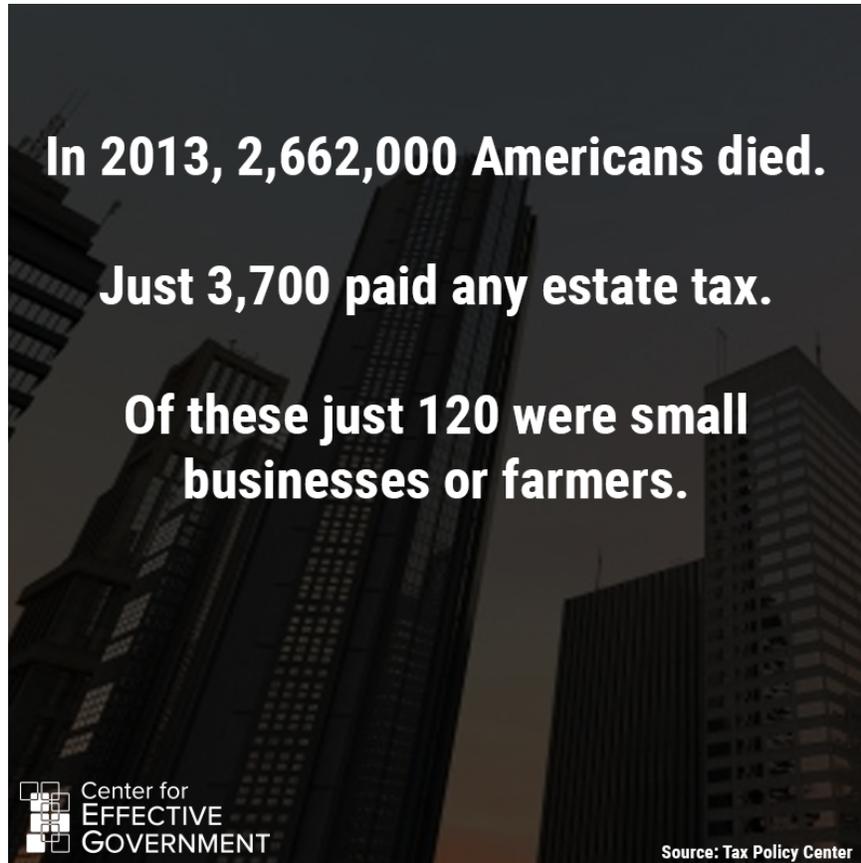
Of the nation's 25 wealthiest billionaires, Bill Gates, Warren Buffett, George Soros, and Carl Icahn have all campaigned publicly to **keep** a strong estate tax. In contrast, the Mars family has been a big funder of efforts to repeal the tax.

The repeal would allow the nation's wealthiest citizens to pass on all of their enormous wealth to their heirs with no taxes paid. The chart below outlines how much the 25 richest Americans would owe if their entire estates were subject to a 40 percent tax rate – after the first **\$5.4 million** in wealth was excluded.

Billionaire	Wealth Source	Wealth (in \$ Billions)	Estate Tax @ 40% (In \$ Billions)
Bill Gates	Microsoft	81.0	32.4
Warren Buffett	Berkshire Hathaway	67.0	26.8
Larry Ellison	Oracle	50.0	20.0
Charles Koch	Inherited -- Koch Industries	42.0	16.8
David Koch	Inherited -- Koch Industries	42.0	16.8
Christy Walton	Inherited -- Walmart	38.0	15.2
Jim Walton	Inherited -- Walmart	36.0	14.4
Michael Bloomberg	Bloomberg plc	35.0	14.0
Alice Walton	Inherited -- Walmart	34.9	14.0
S Robson Walton	Inherited -- Walmart	34.8	13.9
Mark Zuckerberg	Facebook	34.0	13.6
Sheldon Adelson	Las Vegas Sands	32.0	12.8
Larry Page	Google	31.5	12.6
Sergey Brin	Google	31.0	12.4
Jeff Bezos	Amazon.com	30.5	12.2
Carl Icahn	Icahn Enterprises (private equity)	26.0	10.4
George Soros	Soros Asset Management	24.0	9.6
Steve Ballmer	Microsoft	22.5	9.0
Forrest Mars Jr	Inherited - Mars Candy	22.0	8.8
Jacqueline Mars	Inherited - Mars Candy	22.0	8.8
John Mars	Inherited - Mars Candy	22.0	8.8
Len Blavanik	Access Industries (private equity)	21.5	8.6

Phil Knight	NIKE	19.9	8.0
Michael Dell	Dell Computer	17.7	7.1
Laurene Powell Jobs	Inherited -- Apple	16.6	6.6
		Total	333.6

Source: [Forbes 400](#)



What would you do with \$334 billion?

- **We could expand opportunities for the next generation.**
 - For the next nine years, we could give every new U.S. baby \$1,000 at birth and \$500 more each year until he or she turns 18, creating a pool of funds to help pay for college or vocational training, to start a business, or to buy a first home.
- **Or we could cut college debt for young adults.**
 - We could cut the nation's student debt by a third, providing \$25,000 of individual debt relief for more than 13 million Americans.

- **Or we could simply repair a lot of schools, bridges, and sewer systems.**
 - We could repair or replace all of the nation’s deficient school buildings, bringing them up to 21st century standards so that all of our children have the opportunity to succeed (\$270 billion). There’d be enough left over to repair or replace almost all of our structurally deficient bridges (\$76 billion).
 - We could fix our leaking wastewater and sewer systems, ending dangerous outflows of sewage into lakes, rivers, and oceans (\$298 billion), with enough left over to repair or replace 4,000 U.S. dams that are at risk of failure (\$20 billion).

Repealing the estate tax destroys a powerful charitable incentive.

Bill Gates, Warren Buffet, and George Soros all have large foundations that are expected to receive a large share of their estates when they die. If they hold to these plans, they will pay far less in estate taxes than shown in the chart above. Bequests to charities are fully deductible from estate taxes and reduce the overall amount of tax owed. Because of this, charitable giving is one of the most common estate planning strategies. Last year, estates contributed more than \$27 billion to universities, hospitals, cultural institutions, and other community nonprofits. Eliminating the estate tax means that at least some of this money will probably be redirected to family members or friends.

Rather than repealing the estate tax, we should strengthen it.

The House repeal vote is only one threat facing our nation’s most progressive tax. The wealthy also avoid taxes through loopholes and tax shelters that highly paid trusts and estates consultants and lawyers have devised to allow families to shield even more than the \$10.8 million that estates are currently allowed.

Billionaires like Sheldon Adelson have used a special trust known as the grantor retained annuity trust (GRAT) to shield nearly \$8 **billion** of assets, saving nearly \$3 billion in federal estate taxes, according to an analysis by [Bloomberg](#) journalist Zach Mider. Ironically, the GRAT was adopted to prevent another tax dodging technique known as the Grantor Retained Income Trust (GRIT). The GRAT loophole has cost the U.S. Treasury an estimated \$100 billion since 2000. Tax dodging through GRAT and other loopholes, coupled with a dramatic increase in exemptions and lower tax rates on millionaires and billionaires as a result of the Bush tax cuts of 2003, resulted in the estate tax collecting just half the revenue in 2014 that it collected in 2000 (inflation adjusted).

“Never in the history of plutocracy has so much been given away to so few who need it so little.”

*-Washington Post columnist
Dana Milbank*

Almost all the gains from growth and productivity over the past 30 years were taken by the wealthiest 1 percent. But instead of requiring them to pay into the system from which they so richly benefitted, we’ve allowed them to channel their great wealth into campaign finance gifts. These gifts allow them to curry favor with politicians who will cut their taxes and then tell middle America that they have to pay more for basic services or go without.

Who is Congress working for?

Have a look at the [voting record](#) for the House bill (H.R. 1105). If your representative voted in favor of estate tax repeal, ask why he or she is voting for the interests of the wealthiest 0.2 percent of Americans instead of the rest of us.

When you write or call, you might also want to pass along this assessment penned by *Washington Post* columnist [Dana Milbank](#): “Never in the history of plutocracy has so much been given away to so few who need it so little.”

Thousands of New Yorkers Take a Direct Role in City’s Budget Process

by Scott Klinger

Last week, thousands of New York City residents completed an eight month-long participatory budget process in which they voted on how to allocate \$25 million of their taxes in their communities. The city first experimented with participatory budgeting in 2011 when four City Council members allowed their constituents to decide how to use \$1 million in discretionary funds provided by the city on community projects in their wards. This time around, 24 of New York City’s 51 Council members joined in the effort.

Participants start learning about the budget process in the fall and begin educating one another on various projects to be considered for funding. Through the winter, teams of community members turn ideas into full-fledged proposals, which are then exhibited at neighborhood expos that take place in February and March. In April, all participants in the ward get to vote on how to allocate available funding between projects. Nearly 50,000 New Yorkers cast ballots in the voting process this year.

Participants represented the rich diversity of New York: two-thirds were women, and more than a third were born outside the United States. Half earned less than \$50,000. The process welcomes young New Yorkers, with those 16 and over able to participate city-wide, and citizens as young as 14 can have a say in a few districts. Voting materials are prepared in ten languages.

New York is one of 1,500 cities around the world to engage in participatory budgeting programs. The idea originated in Porto Alegre, Brazil, where today, more than 50,000 citizens participate every year.

Does participatory budgeting make a difference in how people see their government? You bet. “Participatory budgeting is one of our city’s most powerful tools to increase engagement and civic participation for communities who are so often voiceless when it comes to public money and community development. From start to finish, participatory budgeting enables residents to creatively propose solutions to real community concerns – whether it is a new playground, elevator repairs in public housing, or state-of-the art technology for local schools,” City Council

"Participatory budgeting is one of our city's most powerful tools to increase engagement and civic participation for communities who are so often voiceless when it comes to public money and community development."

-New York City Council Speaker Melissa Mark-Viverito

Speaker Melissa Mark-Viverito told CityLimits.org.

In addition to New York City, Boston, San Francisco, St. Louis, and Chicago also have participatory budgeting programs that allow citizens to help decide how their tax money is spent in their communities. For a map showing other U.S. and Canadian cities involved in participatory budgeting, click [here](#).

For more information on New York City's participatory budgeting program, click [here](#).



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