

NM NEWS & VIEWS FOR TUESDAY, AUGUST 10, 2010
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BREAKING NEWS:

Former U.S. senator Stevens dies in crash; former NASA chief survives:

-- Former U.S. Sen. Ted Stevens, one of five killed in a plane crash in his beloved Alaska, was remembered Tuesday as a "lion who retreated before nothing" and for being a guiding light in the formation of the 49th state.

The hard-nosed Stevens, 86, died in the crash Monday night 17 miles north of Dillingham, authorities said.

His friend, former NASA administrator Sean O'Keefe, and three others, including O'Keefe's son, Kevin, were injured.

Tributes poured in all day for Stevens, the longest-serving Republican in the U.S. Senate's history and a champion for Alaska.

"Though small of stature, Ted Stevens seemed larger than life. For he built Alaska. And stood for Alaska. And he fought for Alaskans," Gov. Sean Parnell said at a news conference. "How can we summarize six decades of service?"

President Barack Obama extended his condolences to the families, including that of Stevens, who flew in support of the Flying Tigers in the Pacific Theater in World War II.

"A decorated World War II veteran, Senator Ted Stevens devoted his career to serving the people of Alaska and fighting for our men and women in uniform," Obama said in a written statement.

The crash claimed the lives of passengers both young and old.

The Alaska Department of Public Safety identified the deceased as Sen. Stevens, of Anchorage, Alaska; Theron "Terry" Smith, 62, of Eagle River, Alaska (pilot); William "Bill" Phillips Sr.; Dana Tindall, 48, of Anchorage, Alaska; Corey Tindall, 16, of Anchorage, Alaska. The bodies have been recovered.

Injured were William "Willy" Phillips Jr., 13; Sean O'Keefe, 54; Kevin O'Keefe; and Jim Morhard, Alexandria, Virginia. Alaska's FAA office said two survivors had serious injuries and two had minor injuries and were hospitalized in Anchorage.

The DeHavilland DHC-3 Otter, on a fishing trip, crashed around 7 p.m. Monday

amid rough weather conditions in a remote area of the state. Good samaritan pilots located the wreckage on a 40-degree mountain slope, authorities said. But the rain and fog prevented rescuers from landing until Tuesday morning.

CNN's Casey Wian, reporting from Alaska, said people arriving on the scene reported the plane flew into the side of the mountain and skidded about 200 feet. They didn't believe anyone had survived.

"The weather has been an extreme factor in slowing this rescue, said Maj. Gen. Thomas Katkus, commissioner of the state's Department of Military and Veterans Affairs. "We managed to do it in a safe manner."

State aircraft, the U.S. Coast Guard and other military services contributed to the rescue effort.

Authorities had no information on the cause of the crash. The National Transportation Safety Board will conduct the investigation.

Because of its vast size, air travel is common in Alaska, often through perilous weather. Stevens expressed his own fears after a 1978 crash that killed his first wife and four others.

"Plane crashes are the occupational hazard of Alaska politics," Stevens told the Washington Post in 1979. The Post added, "He said he often felt as if one's number had to come up eventually, and even though he had been a fighter pilot in World War II, the prospect of flying around in his campaign frightened him."

In 1972, House Majority Leader Hale Boggs and U.S. Rep. Nick Begich were traveling in a plane that is thought to have crashed in Alaska. It was never found. Nick Begich was the father of one of Alaska's current U.S. senators, Mark Begich.

The Dillingham region, near the Bering Sea southwest of Anchorage, is rugged terrain surrounded by mountains. Storms there don't move quickly during this time of year but aren't as strong as those in winter, said Rob Marciano, CNN meteorologist.

"We haven't seen visibility improve much, so fog is an issue, and we haven't seen much in the way of that clearing," he said Tuesday morning.

The NTSB said the plane crashed 10 miles northwest of Aleknagik about 8 p.m. Federal Aviation Administration spokesman Paul Takemoto said its tail number was N455A and it was registered to GCI Communications Corp., based in Anchorage. Bush pilots commonly use such planes.

Federal Aviation Administration spokesman Mike Fergus said the plane took off at 2 p.m. Monday from a GCI corporate site on Lake Nerka, heading to the Agulowak Lodge on Lake Aleknagik, the Anchorage Daily News reported.

News of the latest crash reverberated across the state and country.

Sarah Palin, the former Alaska governor and the 2008 Republican vice presidential candidate, said Stevens fought tenaciously for Alaska.

"In our land of towering mountains and larger than life characters, none were larger than the man who in 2000 was voted Alaskan of the Century. This decorated World War II pilot was a warrior and a true champion of Alaska," Palin said in a statement.

O'Keefe, 54, had a long career in the government and higher education, most recently serving as NASA administrator from December 2001 until his resignation in February 2005.

Before heading NASA, O'Keefe served for 11 months as deputy director of the Office of Management and Budget, overseeing the preparation, management and administration of the federal budget.

O'Keefe and his son suffered broken bones and other injuries, the Associated Press reported.

Ralph D. Crosby Jr., chairman of EADS North America, said, "It was with a great sense of relief and gratitude that we learned that Sean, and his son, Kevin, survived the aircraft crash in Alaska. We extend our deepest sympathy to the families of those less fortunate in this terrible accident. We owe a debt of gratitude for the heroic efforts of the members of the rescue crew and others who rushed to the scene."

Stevens earned the nickname "Uncle Ted" and a reputation as one of the most effective of all pork-barrel lawmakers, a senator who funneled billions of federal dollars to his home state.

Born November 18, 1923, Stevens graduated from UCLA and Harvard Law School and moved to Alaska in the 1950s to work as a lawyer. He was elected to the state's House of Representatives in 1964 and 1966. In July 2008, a federal grand jury indicted Stevens for making false statements on financial disclosure forms. He was convicted on October 27, 2008.

The next month, Stevens lost a bid for re-election to Democratic challenger Mark

Begich, then the mayor of Anchorage. Citing prosecutorial misconduct, a federal judge later dismissed Stevens' conviction.

Olympic gold medalist Donna de Varona, who was a character witness at Stevens' trial, remembered him for improving the U.S. Olympics team's organization and championing Title IX, which provided equality for girls in the classroom and sports world.

"He thought everyone should have an equal opportunity," de Varona, a broadcaster and consultant, told CNN.

The Stevens family released a statement later Tuesday.

"Alaska and the nation he so loved have lost a great man. We have lost a tremendous husband and father and grandfather. He loved Alaska with all his heart. He was a guiding light through statehood and the development of the 49th state. Now that light is gone but the warmth and radiance of his life and his work will shine forever in the last frontier. His legacy is the 49th star on the American flag."

Parnell ordered state and U.S. flags to be lowered to half-staff in honor of Stevens. The U.S. flag will be raised to full-staff Thursday morning, while state flags will remain lowered until sunrise the day after the senator's memorial service, which has not been scheduled.

"This state is in mourning," said Sharon Leighnow, Parnell's press secretary. "Everybody has a Ted Stevens story."

Obama signs bill to prevent teacher layoffs:

Washington -- President Barack Obama on Tuesday signed into law a \$26 billion measure to help avoid teacher layoffs -- a move Democrats claim is necessary in the wake of state and local government cutbacks.

The House gave final approval earlier Tuesday to the bill, which had already passed the Senate.

The measure, which passed the House on a largely party-line 247-to-161 vote, is designed to save the jobs of approximately 160,000 teachers across the country, as well as create and save positions for police officers, firefighters and nurses, according to Democratic leaders.

Specifically, it includes \$10 billion for teacher positions and \$16 billion to help cover state Medicaid payments.

Republican leaders have blasted the bill as an irresponsible union giveaway that will impede prospects for a long-term economic recovery.

The House began its summer break at the end of July and was not expected to return until mid-September. But House Speaker Nancy Pelosi called members back into session after the Senate unexpectedly passed the state assistance bill last week, after the House had adjourned.

Pelosi declared Tuesday that the bill was not only about stabilizing state budgets, but also about "the education of our children" and "innovation in our nation."

"We can't stand by and do nothing while pink slips are given to the men and women who educate our children," Obama said at the White House on Tuesday morning.

Teacher layoffs, he said, "Should not be a Democratic problem or a Republican problem. It's an American problem."

Rep. Ginny Brown-Waite, R-Florida, contended that it's a "transparent handout to the teachers union" financed partly through "sham accounting gimmicks."

House Minority Leader John Boehner, R-Ohio, asserted earlier that the "American people don't want more stimulus spending."

It's not the first time Congress has been called back from a recess. In December 2008, members were called back when lawmakers debated providing aid for the auto industry.

Also in recent years, representatives were called back during the summer of 2005 for a vote on emergency supplemental funds after Hurricane Katrina.

Federal funds to provide new veterans service:

Some \$350,000 in federal stimulus funds will be used to help veterans in New Mexico and their families handle post-traumatic stress disorder and the veterans' transition from combat to civilian life.

The money will support intensive treatment for veterans, including counseling and peer support.

The new Veterans Wellness Treatment Program will be managed by the state Department of Veterans Services.

Veterans Services Secretary says there are growing concerns nationwide about PTSD and other health problems suffered by veterans of Iraq and Afghanistan.

The state says about 30,000 of New Mexico's 178,000 veterans have served in Iraq and Afghanistan.

The U.S. Department of Veterans' Affairs says up to 25 percent of veterans nationwide from those wars could have signs of post-traumatic stress disorder.

Judge dismisses lawsuit over Geronimo's remains:

NEW HAVEN, Conn. — A federal judge has dismissed a lawsuit by descendants of Apache warrior Geronimo that claimed his remains were stolen in 1918 by a student secret society at Yale University.

The lawsuit was filed last year in Washington, D.C., by 20 descendants who want to rebury Geronimo near his New Mexico birthplace. It claimed Skull and Bones members took remains from a burial plot at Fort Sill, Okla., where Geronimo died in 1909.

Judge Richard Roberts last month granted a Justice Department motion to dismiss, saying the plaintiffs failed to establish that the government waived its right not to be sued.

He also dismissed the lawsuit against Yale and the society, saying the plaintiffs cited a law that only applies to Native American cultural items excavated or discovered after 1990. Skull and Bones is not affiliated with Yale.

Despite healthy cash reserve, Blue Cross Blue Shield wants steep premium increase

State insurance chief will decide; increase under scrutiny:

Information

What: Public hearing on the rate increase and application from Blue Cross Blue Shield New Mexico before the state Insurance Division.

When: 9 a.m. Aug. 25

Where: Apodaca Hall on the second floor of the PERA Building, 1120 Paseo de Peralta.

On the Web: The rate case is available for public review on the Public Regulation Commission website, /www.nmprc.state.nm.us/. People must apply first for a login and password.

The rate increase affects policy holders of the following 12 plans, sold in New Mexico before Jan. 1, 2010:

Unless a proposed health insurance rate hike is overturned by interim state Insurance Superintendent Johnny L. Montoya, 7,100 Santa Fe County residents will see a double-digit increase their Blue Cross Blue Shield of New Mexico premiums as of October.

Blue Cross settled on a 21.3 percent increase in April with the Insurance Division of the state Public Regulation Commission. The company says it needs the increase to cover higher medical costs and more claims among 40,000 New Mexicans covered under 12 individual health plans.

Consumers Union, publisher of Consumer Reports, says the company should consider using a portion of its healthy surplus — a "rainy day" reserve — to offset medical costs and lessen the premium hike.

But while state law may prohibit the insurance superintendent from considering surpluses in a rate case, his division's staff attorneys are reluctant to say so on the record.

"The crux of this issue really is a question of statutory interpretation," said Gerald Garner Jr., a division spokesman. "Since the BCBS hearing is still pending and because the superintendent of insurance has not taken a position on the matter yet, it would be imprudent for us to respond or elaborate further on this subject until the conclusion of the hearing."

Ed Oppenheimer, a self-employed Santa Fe artist, just wants the insurance company or the Insurance Division to prove the increases are warranted.

Oppenheimer has purchased an individual major medical plan through Blue Cross Blue Shield of New Mexico for the last eight years. He's aged, but he said his health has changed little in that time. His premiums, however, have gone up more than 150 percent. They will have risen more than 40 percent in the last two years alone, if the most recent Blue Cross rate increase stands.

"I would like to be shown clearly that the discretionary administrative costs are not involved in the rate increase," Oppenheimer said. "I would like a total breakdown of the costs as much as possible. The complete opacity of this (Public Regulation Commission) process gives me no assurance."

Covering rising medical costs

Blue Cross Blue Shield and Insurance Division staff comments during an April meeting indicate the company is the sole provider of individual health insurance plans to rural parts of New Mexico. Oppenheimer and Santa Fe economist Neva Van Peski, whose partner is a self-employed photographer with a Blue Cross plan, both compliment the company for sticking with the state and providing insurance options. But they question the steep premium increases in the last couple of years and why the state Insurance Division has allowed them.

Blue Cross Blue Shield of New Mexico, a division of the not-for-profit Health Care Services Corp., says the individual health insurance market has lost money: \$20 million in the last three years in New Mexico; \$11.1 million last year alone.

But Sondra Roberto, a Consumers Union staff attorney, says Health Care Services Corp. had a \$6.7 billion surplus in December, well over the amount required to keep the company solvent and retain its strong financial rating.

Solvency helps guarantee a company can pay all outstanding and unexpected claims.

"Regulators should look at the surplus and determine if it is excessive and whether all of it is needed for solvency protection," Roberto said. "To the extent they could use some of the surplus to stave off the rate increase, we would urge regulators to look at that."

Considering surpluses

Health Care Services Corp., which also handles Blue Cross Blue Shield insurance in Illinois, Texas and Oklahoma, received an A-plus rating from A.M. Best in 2009 and a "stable" financial rating from Standard and Poors.

In part, those ratings are based on the company's surplus: Health Care Services Corp.'s net earnings after paying for medical claims, administrative costs and other expenses. The percent of a company's surplus capital, over its expenses and financial obligations, is a measure of financial health.

Insurance companies calculate their surpluses, also called reserves, using a risk-based capital formula developed by the National Association of Insurance Commissioners. Under the association's rules, insurance companies must hold a minimum surplus of 200 percent of their risk-based capital. Blue Cross Blue Shield Association has set a higher minimum of 375 percent of risk-based capital for companies.

The "funds (are) specifically set aside to cover risks and obligations for our members-owners. Health Care Services Corp.'s stated reserves are approximately

\$500 for each of its 12.4 million members," said Becky Kenney, Blue Cross in New Mexico spokeswoman. "HCSC's reserves are not accounted for on a state-by-state basis. There is not a separate reserve amount for Blue Cross and Blue Shield of New Mexico."

Policy holders own the not-for-profit mutual company, so Roberto reasons the healthy surpluses belong to the policy holders and a portion should be used to offset the need for rate hikes. Roberto said New Mexico's insurance superintendent and staff should consider the surplus when deciding on the rate request.

Legal restrictions

However, New Mexico law says the insurance superintendent can't consider surplus amounts listed in risk-based capital reports when deciding whether to approve a rate increase. In addition, risk-based capital calculations are confidential and not released to the public, according to the National Association of Insurance Commissioners.

Roberto thinks the law doesn't prevent the superintendent and staff from finding the surplus amounts from other sources.

"My reading is not that you can't consider the huge pot of money when considering the rate making, but just that you can't take the surplus numbers from the risk-based capital report," she said.

In a new report (PrescriptionforChange.org), Consumers Union analyzed 10 Blue Cross plans and found the companies had reserves two to five times more than required. The report notes some states are rejecting insurance rate increases when companies have large surpluses.

A no-win pattern

Oppenheimer and his wife, Victoria Rabinowe, have both supported themselves as artists for decades and purchased their own health insurance. "Major medical is the only insurance we could afford," Oppenheimer said.

An outdoor enthusiast and regular cyclist, Oppenheimer said he bought health insurance because the risks of an accident were so high. "Bicyclists have not fared well in Santa Fe," he said.

In three decades of paying his own insurance, he's only filed one claim to pay for surgery on a torn meniscus in a knee and a couple of others for prescriptions. The rest of the time, he and his wife have paid for their care out of pocket.

He said the pattern has been the same over the years. He would go to an insurance broker and explain what they needed. The broker would show him a couple of plans and one usually looked great. They had no problem getting approval because the couple have no pre-existing conditions.

"For two years, there would be no problems," Oppenheimer said. "There would be a couple of small rate increases. At some point, after a few years, there would be dramatic increases one after the other, on the order of 50 percent in a couple of years. The company would always send a form letter saying the rate increase was due to rising health care costs.

"Year to year or every other year, the hikes were so obviously onerous that we would have to cancel and find a new insurance company every time," he said. "I call this harvesting premiums."

In 2002, they bought a BlueChoice major medical plan. "BCBS is the best coverage we've ever had," Oppenheimer said. "They have better coverage."

But the pattern began again. This time it won't be easy to switch when the premiums go too high. Oppenheimer's knee surgery is an exclusion, even for a different Blue Cross plan. "That made it not worth switching," he said.

Van Peski handles the insurance purchase for her partner, Norman Mauskopf. He also has BlueChoice major medical. His premiums increased 144 percent from 2004 to 2010. The Consumer Price Index rose a combined total of 16 percent in the same time period, she calculated.

Van Peski said BlueChoice was a good plan and had saved Mauskopf a lot of money in the cost of one major exam, one of the few times he's filed a claim. But the ongoing rate increases could price him out of the program.

A public hearing reinstated

The company says inflation, increased health care demand, and cost of care increases — hospital stays, doctors, prescriptions and liability — have driven up insurance costs. A 2008 Congressional Budget Office report says health care spending tripled in the previous two decades.

The company also says inefficient use of medical services, poorly coordinated health care and "personal health habits that lead to poor health" have driven up costs.

Blue Cross of New Mexico originally asked for a 24.6 percent rate increase. The

request was decreased in April in a settlement between state Insurance Division staff, Blue Cross, the state Attorney General's Office and policy holder Jody Neal-Post. The settlement was reached shortly before a public hearing on the rate case was to begin. Outcry over the closed-door settlement prompted then-insurance Superintendent Morris Chavez to resign.

Interim Superintendent Montoya suspended the settlement and reset the public hearing to hear information backing up the rate hike request. Blue Cross asked the state Supreme Court to prohibit Montoya from holding the hearing. This week, the Supreme Court denied the company's petition, allowing the public hearing to take place.

The hearing is set for 9 a.m. Aug. 25 in Apodaca Hall on the second floor of the PERA Building, 1120 Paseo de Peralta.

"Without conducting an evidentiary hearing, there was no way to know if the rate request is justified," said Garner, the PRC's public information officer. "My understanding is there is a possibility (the settlement) could be overturned."

Decisions regarding health insurance rates rest with the superintendent of insurance alone.

According to the division, the insurance superintendent can only disapprove a rate "if the benefits offered are unreasonably restricted in relation to the premium charged."

Van Peski and Oppenheimer both were at the April meeting. They intend to comment at the Aug. 25 public hearing. They think the company needs to prove the need for a rate increase to both the PRC and, more importantly, to its customers.

"If I ask for clear evidence, there is no clear evidence," Oppenheimer said. "There is a sense of futility here."

NKorea's Artillery Fire Near Border Heightens Tensions:

-- Tensions on the Korean Peninsula ratcheted up today after North Korea fired 110 artillery rounds into the sea near its disputed maritime border with the South, just after Seoul ended five-day military drills over the sinking of a warship that it blames on the North.

At the same time, Beijing expressed concern today that three Chinese sailors were reported aboard a South Korean fishing boat seized Sunday by the North,

and called on Pyongyang to "guarantee their rights and interests."

All of the shells landed on the North's side of the so-called Northern Limit Line in the Yellow Sea, the South Korean news agency Yonhap quoted military officials as saying. There were no immediate reports of damage.

Some of the shells, however, might have crossed the line, according to a New York Times report, and the South would consider that an attack to which it would respond. The line, set up by the U.S. and Seoul in 1953 after the three-year Korean War ended in a cease-fire, has never been recognized by the North.

"The Navy heightened its readiness posture" after the shelling, an unidentified official with South Korea's Joint Chiefs of Staff said, Yonhap reported. "We also broadcast a warning to the North Koreans," the official added.

The five-day drills were in response to the sinking of the Cheonan in March, in which 46 South Korean sailors lost their lives.

Seoul said evidence confirmed that the sinking was caused by a North Korean torpedo, but Pyongyang has denied it was involved and threatened to attack South Korean warships involved in the drills. A fourth round of talks on the sinking will be held Tuesday between Pyongyang and the U.S.-led U.N. Command.

A professor at Seoul's University of North Korean Studies, Yang Moo-jin, told The Associated Press that the shells were the North's way of saying, "We'll respond to military drills with military drills."

North Korea has not responded to requests for information on the seizing of the 41-ton squid fishing boat Daesung 55 off the peninsula's east coast, Yonhap reported today. The news agency said the crew was made up of four South Koreans and three Chinese.

But China is pressing for more information, the state-run Xinhua news agency reported today, saying the Chinese Embassy in Pyongyang is insisting that if the reports are confirmed, Chinese crew members must be treated humanely.

Seoul says the fishing vessel was seized by the North in the disputed border in the Yellow Sea after warning fishermen to avoid the area while the military drills were under way. North Korean authorities say the boat was violating its exclusive economic zone.

Episcopalians ordain Navajoland bishop:

KIRTLAND, N.M. - The Rev. David Bailey has been ordained as bishop of the Navajoland Episcopalian Church.

Bailey's ordination ceremony Saturday drew both from Episcopalian and Navajo traditions.

Navajoland missions have had interim bishops since the 2005 death of Steven Plummer, the Episcopal Church's first Navajo priest and first Navajo bishop of Navajoland.

Bailey was an administrative assistant to Plummer, and helped draft the area mission's economic development plan and mission statement.

He became a priest in 1980. He was the rector at St. Stephen's Episcopal Church in Phoenix and headed Native American Ministries in the Diocese of Arizona.

The assistant administrator for the Episcopalian Church of Navajoland, Cornelia Eaton, says Navajoland prides itself by being an Episcopal Church like no other.

Oscar-winning actress Patricia Neal dies at age 84:

KNOXVILLE, Tenn.—Patricia Neal, the willowy, husky-voiced actress who won an Academy Award for 1963's "Hud" and then survived several strokes to continue acting, died on Sunday. She was 84.

Neal had lung cancer and died surrounded by her family at her home in Edgartown, Mass., on Martha's Vineyard.

"She faced her final illness as she had all of the many trials she endured: with indomitable grace, good humor and a great deal of her self-described stubbornness," her family said in a statement.

Neal was already an award-winning Broadway actress when she won her Oscar for her role as a housekeeper to the Texas father (Melvyn Douglas) battling his selfish, amoral son (Paul Newman).

Less than two years later, she suffered a series of strokes in 1965 at age 39. Her struggle to once again walk and talk is regarded as epic in the annals of stroke rehabilitation. She returned to the screen to earn another Oscar nomination and three Emmy nominations.

The Patricia Neal Rehabilitation Center that helps people recover from strokes and spinal cord and brain injuries is named for her in Knoxville, where she grew

up.

"She never forgot us after she went to Hollywood," said 85-year-old Bud Albers, who graduated with Neal from Knoxville High School in 1943, and still lives in the city.

Whenever she was in town, a bunch of her friends would always get together and have dinner, Albers said. She had wanted to be there next week for a golf tournament that benefits the center, he said.

"She was so courageous," he said of her battling back from her illnesses and losing her 7-year-old daughter to measles in 1962. "She always fought back. She was very much an inspiration."

In her 1988 autobiography, "As I Am," she wrote, "Frequently my life has been likened to a Greek tragedy, and the actress in me cannot deny that comparison."

Neal projected force that almost crackled on the screen. Her forte was drama, but she had a light touch that enabled her to do comedy, too.

She had the female leads in the 1949 film version of Ayn Rand's novel "The Fountainhead," the classic 1951 science fiction film "The Day the Earth Stood Still" and Elia Kazan's 1957 drama "A Face in the Crowd."

She made a grand return to the screen after her strokes in 1968, winning an Oscar nomination for her performance in "The Subject Was Roses."

In 1971, she played Olivia Walton in "The Homecoming: A Christmas Story," a made-for-TV film that served as the pilot for the CBS series "The Waltons." It brought her the first of her three Emmy nominations.

"You can't give up," she said in a 1999 Associated Press interview. "You sure want to, sometimes."

More than 700 dead in China mudslide

Rescuers digging by hand through mud find 52-year old man who was trapped for more than 50 hours:

ZHOQU, China — The death toll from landslides in northwestern China surpassed 700 Tuesday, as rescue crews in three Asian countries struggled to reach survivors from flooding that has imperiled millions.

Rescuers digging by hand through mud found a 52-year-old man who had been

trapped for more than 50 hours inside a leveled apartment building in the remote town of Zhouqu, where more than 1,000 other people were still listed as missing. Rescuers with sniffer dogs discovered the man, Liu Ma Shindan, who was weak but breathing normally.

Pakistan's President Asif Ali Zardari returned home to a storm of criticism after visiting Europe as his country was gripped by the worst floods in its history. His arrival Tuesday came as thousands of people fled a major city in central Pakistan as rivers threatened to submerge the area.

And rescuers in the desert mountainsides in Indian-controlled Kashmir recovered more bodies, with the death toll rising to 165 from flash floods. Thousands of army and paramilitary soldiers continued clearing roads and removing the debris of hundreds of homes flattened in the Ladakh region.

About 200 remained missing around Ladakh, said Lt. Col. J. S. Brar, an army spokesman. With the road links being restored, nearly 300 people who fled to higher ground have returned to their homes, he said.

The disaster in China's Gansu province was caused when a debris-blocked swollen river burst, swamping entire mountain villages in the county seat of Zhouqu.

Tian Baozhong, the director of civil affairs in Gansu province, said the death toll now stood at 702, up from 337 on Monday.

Fed takes fresh steps to support fragile recovery:

WASHINGTON - The Federal Reserve on Tuesday took a small but significant step to counter a weakening U.S. economic recovery, saying it would use cash from maturing mortgage bonds it holds to buy more government debt.

The decision to reinvest proceeds from the nearly \$1.3 trillion in mortgage-linked debt, acquired during the 2008 financial crisis in an effort to keep borrowing costs down, represents a significant policy shift for the central bank.

Until recently officials had been avidly debating an exit strategy from the extraordinary monetary stimulus delivered during the financial crisis, but recent signs of weakness forced the Fed to downgrade its economic assessment.

"The pace of recovery in output and employment has slowed in recent months," the Fed said after a one-day policy meeting. In June, the Fed had described the recovery as "proceeding."

The action took investors by surprise. Many had expected the Fed to keep policy unchanged for now, and those who did expect some reinvestment of housing-linked bonds believed the funds would be directed back into mortgage securities.

Analysts said the move could herald more aggressive monetary policy easing if more signs of a slowing economic recovery emerge.

"Should the outlook continue to worsen, the Fed will likely initiate a new round of asset purchases," said Michael Gapen, economist at Barclays Capital.

U.S. stocks trimmed losses after the Fed's decision, but still closed lower on the day. Treasury debt prices rose sharply, with the yield on benchmark 10-year notes slipping to 2.77 percent, near 15-month lows. The U.S. dollar fell against both the euro and the yen.

As expected, the Fed left benchmark overnight interest rates steady in a zero to 0.25 percent range and renewed its pledge to keep them low for an extended period.

Kansas City Federal Reserve Bank President Thomas Hoenig dissented for a fifth straight meeting over the Fed's low-rate vow and said he believed the economy did not need further help.

UNEASY CHOICES

Under the new regime, the Fed will keep its holdings of domestic securities steady at around \$2.054 trillion, primarily by buying government securities ranging from two to ten years in maturity.

Investors were still trying determine just how much mortgage- and housing agency-backed debt held by the Fed would be maturing each year, with estimates hovering between \$100 billion and \$150 billion.

While not insignificant, the amount was not generally seen as large enough to have a substantial stimulative impact on the economy.

"The actual effect of what they're doing will be less powerful than the symbolic effect," said Burt White, chief investment officer at LPL Financial in Boston. "What this is telling the market is we're going to do everything and anything we can to make sure we've put a backstop on any possible risk of a double dip."

The preference for Treasuries over mortgage securities could signal a compromise with some of the more hawkish Fed officials, who have opposed policies that could favor any particular sector of the economy.

Economic data have been decidedly weak since the U.S. central bank's last meeting in late June. Consumer spending has softened and manufacturing growth appears to be losing steam. The unemployment rate, meanwhile, is stuck at 9.5 percent.

Fed officials have said there are a number of steps they could take if the recovery falters.

The Fed could lower the rate it pays banks to park their excess reserves at the central bank, currently at an already low 0.25 percent, or somehow redouble its already-stated commitment to keep interest rates low.

The central bank could also, if things got bad enough, relaunch its bond-buying program.

That policy is not without drawbacks. It could expose the Fed to charges that it is printing money to help fund the government's large budget deficit -- something Fed officials have repeatedly vowed not to do.

Some officials have been worried that the economy could fall into a deflationary cycle of falling prices and depressed consumption if activity does not pick up.

Consumer prices outside food and energy rose just 0.9 percent in the 12 months through June, holding for a third straight month at the lowest level seen since January 1966.

The fear of deflation elicits comparisons with Japan, which has long struggled with economic stagnation and falling prices.

The Bank of Japan, which also met on Tuesday, decided to hold off on any further easing measures despite a rise in the yen, which has rallied near record highs on expectations of further measures by the Fed.

Charlie Rangel vows to stay and fight:

New York Rep. Charlie Rangel's decision to take to the House floor today to defend himself against ethics charges further complicated Democrats' ability to drive their preferred economic message while simultaneously handing Republicans a cudgel which they immediately began to use to beat up on endangered incumbents.

In his 31-minute speech, Rangel offered an, at times, rambling defense of the

allegations against him and hit back against -- among others -- President Barack Obama and many of his House Democratic colleagues.

Rangel also made quite clear he had no plans to resign his office and would pursue an expected September trial conducted by the House. "I can't walk away...because I am annoying and the action out there is that I am corrupt," he said at one point. "Take your best shot" at expulsion, he challenged at another.

Rangel's speech handed Republicans an unexpected political gift in a week in which the House was called back into session to pass \$26 billion in spending for Medicaid and education funding in the states -- a piece of legislation that was touted as a political winner by Democrats as they head into a six-week August recess.

"The selfishness and arrogance of Charlie Rangel has no end with regard to the fact that he has clearly breached ethics rules in one way or another," said one senior House Democratic strategist granted anonymity to speak candidly about the New York Congressman's speech.

Said another senior Democratic aide: "Charlie Rangel worked his whole career to become the chairman of the Ways and Means committee to promote an agenda that prioritized his district and districts like it. It's sad that now he doesn't have the gavel, he's willing to risk the majority that is making progress on that agenda."

Republicans quickly pounced.

The National Republican Congressional Committee funded a series of robocalls into nearly three dozen contested House districts urging those targeted Members to return campaign contributions made to them by Rangel. (Here's the robo-call made into New York Rep. Dan Maffei's district.)

"Charlie Rangel might not have been found guilty of ethical misconduct yet, but there is proof beyond a reasonable doubt that he helped build the Democratic majority by padding the campaign war chests of dozens of members of congress with millions of dollars in contributions," said NRCC communications director Ken Spain.

Rangel's comments -- and the Congressional trial that now seems inevitable -- have both a micro and a macro impact on the fall election.

First, the micro.

Six New York congressional districts currently held by Democrats are rated as

either "lean Democratic" or "toss up" by political prognosticator Charlie Cook. A seventh -- the seat vacated by former Rep. Eric Massa (D) -- is rated as "lean Republican".

Rangel's New York roots make it tougher for any member of the New York delegation -- even those who hail from Upstate districts far from Rangel's Harlem-area seat -- to distance themselves from the senior Democrat.

And, because Rangel is more of a household name in New York, attempts by Republicans to directly link Empire State House members to him may find more purchase than similar tactics would nationwide.

On the macro level, the high profile nature of the charges against Rangel and his spirited defense create a potential hypocrisy problem for House Democrats in the eyes of voters.

When Nancy Pelosi (Calif.) took over as Speaker of the House following the 2006 election, she famously promised to "drain the swamp" -- a reference to the ethical problems that had consumed the Republican majority and played a major role in their ouster that fall.

And so, while it's a near-certainty that most voters have never heard of Charlie Rangel outside of New York state, he can be used symbolically by Republicans to make the case that Democrats made promises they have not kept in office.

There are few things that voters dislike more than politicians acting like politicians -- saying one thing and then doing another. That's particularly true in an election cycle like this one where voters are broadly skeptical of the status quo and openly disdainful of Washington broadly and Congress specifically.

Rangel's unwillingness to step aside puts House Democrats in a very tight spot. If Rangel wants a trial, a trial he will get. And, that trial will come less than two months before voters head to the ballot box this fall -- a disastrous bit of electoral timing for a party already swimming upstream against a difficult national environment.

Kaine: Don't politicize Michelle Obama's travels:

WASHINGTON - Democratic Party Chairman Tim Kaine is defending first lady Michelle Obama's vacation trip to Spain, saying critics of her travels are trying to politicize the issue.

Kaine tells NBC's "Today" show he thinks "it's wrong" to talk critically about her trips. Critics contend they send a poor message at a time when many Americans

are out of work.

Kaine said, "She's a mom." He said this was an opportunity for her to take nine-year-old daughter Sasha to a part of the world she hadn't seen before.

Kaine said President Barack Obama and Michelle Obama are "focused on being good parents." Mrs. Obama returned with Sasha to the White House late Sunday. Her trip occurred as Obama was celebrating his 49th birthday and their other daughter, 12-year-old Malia, was away at summer camp.

NEWS MAKER OF THE DAY:

Pastor Steve Freeman from the Crestview Baptist Church, 301 Chama NE, between Lomas & Central in Albuquerque, joined us this afternoon. He moved here just 10 years ago from Portland, Oregon and says that we need a 'desire for purpose' and I couldn't agree with him more! His 'Men of Action' event continues to grow each year with the participation of several different churches and his 'Cloth Us In Grace' for the Care-Net Pregnancy Center of ABQ, continues to reach out to those who are pregnant and scared. Contact Care-Net, regarding their 'Walk-for-Life' event, which is taking place on August 28th, with registration at 5pm and the walk starting at 6pm. Steve is teaching on the Ten Commandments, which we called the top ten countdown and he says that 'everything we do effects The Kingdom Of God,' to which he also replied, we must all learn to live our lives before 'God & man.' Their Church Services are at 11am, with Sunday Schools from 9:45am-10:45am, so be sure to visit them, donate to their causes and call Pastor Steve for more information, concerning his ministry at 505-977-7341.

Blessings,

Rev. Mark F. Tross

Rio Rancho North Foursquare/Gladstone Church/Ekklesia Outreach

<http://ekkleisiaoutreach.com>

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