

PBS' "TO THE CONTRARY"

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MS. ERBE: Coming up on To The Contrary, Republican women in the U.S. Congress and their plans for luring more women into the party fold. We talk with Washington State Representative and Senior Republican Jennifer Dunn about the hopes and goals of Republican women in the 108th Congress.

Then, prescription drugs and what Congress has in store.

Up last, women and business ethics, how women might make the corporate world a more ethical place.

(Musical break.)

MS. ERBE: Hello, I'm Bonnie Erbe. Welcome to To The Contrary, a discussion of news and social trends from a variety of women's perspectives. This week, we're on the road. We want your feedback on our new look. More on that later.

In the news this week, we speak with Republican Congresswoman Jennifer Dunn about the Republican Party's agenda, and its impact on women, children, families and communities of color. Front and center is the President's push for a Department of Homeland Security, and an extension of his tax cut which is otherwise phased out after ten years.

Thank you, Representative Dunn for joining us.

REPRESENTATIVE DUNN: Hey, Bonnie. How are you?

MS. ERBE: Doing great. Thank you.

I wanted to ask you, you have five new Republican female House members in this upcoming session of Congress. You have the highest woman ever elected to GOP Conference Chair, Deborah Pryce. You, yourself, were Vice Conference Chair in years past. What is all this going to mean in terms of Republicans going out and expanding their lure of women voters?

REPRESENTATIVE DUNN: Well, it was a great election for Republicans, no question, Bonnie. And, to see Deborah Pryce conference chair was one of my very sweetest dreams. I've always wanted to see a woman in top leadership. And I think you recall four years ago when I ran for Majority Leader, even though chances of winning were slim then, somebody has to carry the banner, somebody has to put the first crack in the glass ceiling. And now we've elected Deborah. She'll be superb. People will see her on television a lot, she'll be an additional role model. And so that will be a great thing for us.

MS. ERBE: Now, let's get to some issues here for a moment. The Republicans, you were out there campaigning for President Bush in 2000 in his election, and there was the whole sub-campaign theme of W is for Women. Republicans made major inroads with married, upper class white women in that election, but the Democrats still pretty much have a lock on single women, on women of color. What are you going to do to try to lure those women voters into the Republican fold next time?

REPRESENTATIVE DUNN: George Bush calls himself a compassionate conservative. That's a great title. That's a title that should connect very, very directly with women. So, as we put together our legislative agenda, we combine what we want to do here in the Congress with what the president, the administration, have on their docket. We're going to do a number of issues that will broadly affect women. But one that more specifically does is a topic we're going to talk more about in your program today, and that is the prescription drug bill. We managed to get that out of the House of Representatives, but the Senate didn't pass a bill out this year.

Why that's important to women is that women live on average seven years longer than men. They live on less money, they have more disease. And they are the ones who very much need the coverage that our prescription drug bill would bring. We're going to reintroduce that again next year. The most important part of that bill is that there is a catastrophic lid on the total amount any person will pay for drugs during one year. So, you don't price people out of their homes, and in our bill we cover completely low income seniors. They don't pay a penny. A very

important issue that we'll work on next year.

MS. ERBE: Let's save that because we are going to talk extensively about that in the next segment. But what about the tax cut, for example. Americans didn't see much of the tax cut this year, and tax cuts used to be issues that didn't lure women voters into the fold, frankly, because more women tend to be low income, and more women tend to need federal assistance of various kinds. What are you going to do to try to get those women to vote Republican next time?

REPRESENTATIVE DUNN: Well, I'll tell you, we created a whole new level of income tax rates that bring that lowest marginal rate from 15 to 10 percent. That's going to put more dollars in the pockets of low income women. So, that's very important. But, tax relief --

MS. ERBE: When does that come in, when does that get phased in?

REPRESENTATIVE DUNN: It started this last year. It's a gradual phase down of the rates at all levels that people will see on April 15th. Putting that rebate in the pockets of some people was useful, too, Bonnie. But I think more importantly when you lower tax rates, you leave dollars in the pockets of individuals, families, children's parents, older people, whatever it is, they have more buying ability. And as we make these tax cuts permanent that will spur the economy, because they're all aimed toward growing the economy. That's going to be good for women.

MS. ERBE: All right. Thank you, Representative Dunn.

Now on to one of the top issues in the next Congress. Both parties campaigned heavily on the issue of prescription drugs. According to the Congressional Budget Office, between 1996 and last year, spending on prescription drugs by the average person on Medicare nearly doubled to almost \$1,800 per year. So the issue resonated with outraged seniors who turn out in large numbers to vote. Republicans want to add a prescription drug benefit to Medicare by subsidizing private insurers. Seniors would pay a monthly premium of about \$24 and an annual deductible of \$250. Those with large drug bills would spend almost \$4,000 of their own money after which the government would cover about 90 percent of drug costs. Democrats, on the other hand, want the government more involved. They want to limit long-term patents on expensive drugs, and to shift more patients to generic drugs, which are cheaper.

Karen Czarnecki, which plan do you think is better for seniors?

MS. CZARNECKI: I think allowing the free market to work, and that means using the Republican plan, would really help seniors more. If we try to do it the way the Democrats are currently saying, we're going to have problems like they do in other countries. There are long waiting lines, and people cannot have access to the drugs that they need based upon their discussions with their doctors.

MS. CONNIFF: We already have that problem here. People don't have access to the drugs that they need, and it's just an outrage. The background to this, saying it's a free market solution, the background to this is, there are 623 drug company lobbyists on Capitol Hill, more than there are members of Congress. They have an agenda. That agenda is sailing through, and it is basically the Republican plan. Just one thing that would be helpful, I think, in looking at this issue is dealing with the corporate welfare aspect of it, the fact that we, the taxpayers, finance research and development of drugs, and those drugs are handed over to these corporations --

MS. CZARNECKI: Not true. Not true.

MS. CONNIFF: -- with no provision in the licensing arrangement that says, you've got to provide them at a reasonable cost. So now, what do the Republicans want to do, transfer tax dollars to insurance companies. It's really -- it's outrageous.

MS. ERBE: Congresswoman Dunn, your response to that, please.

REPRESENTATIVE DUNN: The good thing about the Republican plan is that it totally covers all low income women up to the 150 percent of poverty level. They pay nothing for drugs. That's the group we have to start with. When we wrote this bill, we realized that two-thirds of all seniors have drug costs of under \$2,000, so that's where we put our subsidies, our government help. The catastrophic lid, I believe, is the most important thing for all seniors. All seniors can buy into this program for a premium of \$33 a month, and they'll be totally covered for their costs of drugs, but they will never have to pay out of their own pocket more than \$3,700 in one year. And when you have a drug like Embril made by Immunex which attacks rheumatoid arthritis, it costs \$15,000 a year. That's a pretty important assistance to seniors.

MS. ERBE: Michelle Singletary.

MS. SINGLETARY: When I hear free market, all I think is, I hear cha-ching, cha-ching, cha-ching. Really, when you give it to the free market, they're going to give it back to us at high prices. And I really don't think that's going to work. I think that making sure that you get the lowest cost drug to seniors, whether it's generic or whatever, is the best way. And, quite frankly, \$3,700 is still quite a bit of money. You make it sound as if it's just a couple bucks, and it's not.

REPRESENTATIVE DUNN: It's better than \$15,000 for one drug.

MS. SETMAYER: But that's where we run into problems. Do we want -- we don't want necessarily the lowest cost drug, we want the best quality drugs for our seniors, and the Republican plan allows for that. We don't want -- we look at other countries, and what happens when you federally subsidize these things, quality of care is completely left out. And we don't want that. We want the best quality and most affordable.

MS. ERBE: I want to shift the discussion a little bit, staying on prescription drugs, but is this an issue that young voters care about, particularly young women care about at all, or is this something that -- and Democrats, of course, want to also reach out to young voters.

MS. CONNIFF: Here's the part that young people care about, here is an industry that increased its profits by 33 percent between 2000 and 2001, while as we saw in the package, people are paying more and more for drugs. You know, I once was uninsured for a period, like many younger people. You don't have necessarily insurance to cover you between jobs, there are gaps where you don't have it. I had to go and get a prescription at the pharmacy. I had to pay cash, \$500 for a ten day course of antiviral drug, unbelievable. The pharmacist didn't even want to give it to me. He said, I can't believe you have to pay this. But that is the marketplace that we've set up. It's what the market will bear.

This is not genuine cost to these corporations. These corporations are making money hand over fist, and we're financing their research and development.

So, come on, putting profits first and people second does no good.

MS. CZARNECKI: It takes hundreds of millions of dollars to bring drugs to the market. A lot of drug companies lost hundreds of millions of dollars on drugs that never make it through the FDA approval process. You have to let people --

MS. CONNIFF: How did they make those big profits then, Karen? How come they're so, so profitable?

MS. CZARNECKI: The bottom line is that, you said it already, Americans want quality drugs. If you prevent people from investing in R&D, and drug companies are paying for their own R&D. The only R&D that the government is paying for is basic generic research on genes and DNA and stuff like that.

MS. CONNIFF: Cancer and AIDS.

MS. ERBE: And Congresswoman Dunn --

MS. CZARNECKI: Very, very basic stuff, not on drugs.

MS. ERBE: -- let me come back to you for a second, if I might, Congresswoman Dunn, on to Michelle Singletary's point, you started to answer, \$3,700, there are a lot of impoverished seniors who are still going to say that's a lot of money, what's the response to that?

REPRESENTATIVE DUNN: As I said, Bonnie, all low income seniors are totally covered. But for anybody else who buys into this plan, the lid of \$3,700, the predictability of that amount of money when some seniors, certainly, a third of seniors whose drug costs are over \$2,000, might be paying well more than that amount, will be a great relief. And I have to say --

MS. ERBE: How do we know that's actually going to be the case, because you have a plant that is relatively low cost to the taxpayers, some subsidies going to the drug companies and you can still give people all these benefits? How is that working?

REPRESENTATIVE DUNN: I mean, you do a revenue estimate for a bill like that. We could have written it dozens of different ways, but we figured out how many seniors have drug bills over the cost of \$2,000, we helped all the ones under \$2,000, and we came in with a catastrophic lid of \$3,700. When we do this debate in the House and Senate next year, hopefully, the Senate will come up with a bill that we'll be able to merge with, and that is a huge first start. So, you're providing coverage that never existed before, and you're giving seniors the predictable lid that they'll never have to spend over.

I'll tell my expenses have been --

MS. ERBE: Why can't you do a mixture? The Democrats want to use more generic drugs, can't there be a compromise?

REPRESENTATIVE DUNN: Yes, in fact, we're talking a lot about patents, patent predictability also. Right now, you get a patent, sometimes you can extend it for years and years and years through lawsuits. So, we're talking about ending that ability to extend the patent so that generics can get onto the market. Whoever was there, and I'm sorry I'm not with you today, but whoever was there that said that generic drugs and the best drugs may be the same thing, that's what we're aiming for.

MS. ERBE: All right. Thank you.

And on to the next topic, behind the headlines, women and corporate reform. If you're among the 60 percent or so of Americans who own stock who felt the impact of corporate scandals, the huge drop in share prices over the past few months is due, at least in part, to a wave of account fraud, corporate greed, and collapse, perhaps never witnessed before in American history. American businesses are struggling to reclaim ethical reputations.

As a consequence, *To The Contrary* shows you what leading business schools across the nation are doing to promote business ethics, and prevent graduates from becoming the Ken Lays and Bernard Ebbers of tomorrow.

At DePaul University School of Business, these are heady days. It's share of the more than 100,000 entering class of business students nationwide is strong. Most students are happy to sit out a weak economy and emerge years later better educated and more marketable. At the same time, the pressure is on professors and universities to boost the emphasis on business ethics, and give students the tools they need to recognize fraud and fight it.

One issue is, business ethics isn't even a required course for every business student. That differs from law school, for example, where every law student is required to take legal ethics. The accrediting body for undergraduate and graduate business schools, the Association to Advance Collegiate Schools of Business, allows each school to decide whether their students must take a course in business ethics. Some professors think that's a mistake.

MS. HARTMAN: AACSB determined that business ethics must be either integrated throughout all of the courses, or a sufficient number of courses in an MBA program, or it must be a standalone course. The overwhelming majority of graduate schools of business in the United States go the former route. They claim and strive towards integration of ethics throughout the curriculum. The problem with that approach is that it is unsuccessful.

MS. ERBE: After all, some top corporate executives who did earn MBAs went on to run now legendary corrupt corporations. Enron's former CEO Jeffrey Skilling at Harvard. Tyco International's former CEO Dennis Koslowski at Rivier College. According to the World Resources Institute, only 18 MBA programs nationwide require students to take an ethics course. Business ethics professors differ on whether a required course in this topic can change adult behavior, or whether weaving the theme of ethics throughout all business courses each student takes is enough.

MS. HARTMAN: I would suggest that the best possible method is to require a tools course in ethics, it might even be for half credit, or for full, where you teach the process of ethical decision making, and then early in the career of an MBA student, and then it's followed up with reinforcement in all the other disciplines.

MS. ERBE: What are those tools, what tools do students need?

MS. HARTMAN: The tools I'm discussing have to do with giving a method for reaching decisions which would involve, as a first step, identifying the issues, making sure that they're aware of it. They're more aware of it if in finance class, as they go through the cases, they're challenged, are there any ethical issues in this particular case? Do you see any challenges here, any problems? Are you uncomfortable with any of these decisions? So giving them some of the questions to ask. How would you feel telling your mother you did this? Are you comfortable

with that? What would it feel like if what you did today in this case, if that were on the cover of the Chicago Tribune tomorrow or the New York Times?

MR. OZAR: If you have a body of things that you want to assure the students get, the only dependable way to get it is to have a formal course that has those as its outcomes. If they're highly sensitive to the moral and ethical issues that they're going to encounter, and not just that they will encounter in the early days of their careers, but that they will encounter when they acquire positions of power, if they're sensitive to the characteristics of organizations that support or don't support ethical conduct, if they have those kinds of concerns, then when the time comes that they have power, they will be more effective.

MS. GINZEL: I think the main thing that we need to do is to shift the focus on responsibility to shareholders exclusively, and have our students realize that they have responsibility to all their constituency, all their stakeholders, not just their shareholders. That includes employees, customers, the community, and I think this is the most fundamental change that needs to happen in order to really change the way that we think about ethical responsibility in business.

MS. ERBE: How do you do that, do change the law, do you change the way that business ethics is taught?

MS. GINZEL: Sometimes students get the notion that laws are there to get around, there's this mentality, how do we do it legally, you know, and get away with it. And I think that really needs to change. Students need to understand the reasoning behind the law, why does the law exist. It's the spirit of the law, and then they need to go beyond that in order to behave ethically.

MS. ERBE: Then there are those who believe that as more women study business and rise to the rank of CEO and CFO of major corporations, they may place more emphasis on ethical behavior.

MS. HARTMAN: The way that women lead is more consultative, it doesn't mean that all women do this. It means that more likely than not, women as leaders will consult with a number of individuals before making the final decision for a variety of reasons, one of which is that women often have less credibility as leaders, and they will gain credibility if they gain more buy-in.

Another, however, is that women recognize the value of good decision making. That they don't know everything, and that they can gain valuable information about other stakeholders, about the impact that this decision will have on other people if they go and consult with others.

MS. ERBE: But male and female business students need to be challenge vigorously, and aggressively on corporate ethics if they want to regain the trust of shareholders and the public.

MS. HARTMAN: My big question to executives, and to students, is my question, what would you walk off the job for? And I'm hoping that no matter how much you want to fit in, and there's pressure to do so, and this is how you succeed in this organization, that there are certain lines you won't cross.

MR. OZAR: Either they will wither or they will fight it and leave, but the organization won't be the better either way.

MS. ERBE: Is there anything, Ruth Conniff, you think that business schools can do to improve the business ethics climate in America, or could have prevented

WorldCom and Enron?

MS. CONNIFF: Probably not. I think that this idea that if we just teach these people to be nice people, you know, just think about it, Ken Lay, just think about the consequences for the little people, these corporate criminals are not responsive to that argument. I think it's laughable. And even if the students, the undergrads are, and they seem like nice kids, or the graduate students in the MBA program, you know, they get into a corporation where the whole culture is geared in a different way, where the rewards and benefits are, you know, get away with what you can get away with, and maximize profits. What we need is enforcement. We need what Charles Schumer had proposed again, and again, and again, in the '80s and '90s, which was citizen boards that would actually oversee, because our regulatory agencies, the SEC, ain't doing it, oversee these corporations and insist with consequences that they will not be allowed to get away with this stuff.

MS. ERBE: I don't buy the argument that just throwing away the thought of making people think in business school about the impact of their decisions on the community as totally a waste of time.

MS. CZARNECKI: If there's one thing that business schools don't do that lawyers and doctors and other health professions have to do, you have to have continuing education. I almost think that it wouldn't be worth every five years bringing in, not just update them on what the law is, but what the responsibilities are, and maybe given some of those scenarios, what would you do in this type of situation, it's completely devoid in the business schools, and perhaps we ought to start talking about these.

MS. SINGLETARY: I think we need to take a step way back. I look at my little kids, and my children are in Montessori, and the Montessori system is set up so that there's not a lot of competition. Listen, we have a cookie bake, and there's like competition of who sells the most cookies. I mean, this starts way back in kindergarten. The mamas did not raise the men right, because if they had, they wouldn't have done what they did. I mean, I really, truly believe that. This has to go from kindergarten on up. You cannot set a college student down and tell them, you have to do this the right way. I mean, look at what is on the table, millions and millions of dollars. I mean, my God, one of these executives had a \$100 million mansion. What in the world, you can't live in that many rooms. I mean, it's like unbelievable. And what is on the table is -- I'm not sure I would not do the right thing for \$100 million. So I think you do have to step in, and as kids are growing up, there are these competitions for grades, and soccer, and all kinds of things like that, and I think it's fine, do the ethics courses. I took one when I was in business school, but I think my mama raised me right, and no matter what, I was going to do the right thing.

MS. ERBE: Congresswoman Dunn, let's bring you in on this discussion here. You have spent a lot of time with people in the corporate world. Do you find that when women get close to the top of corporations that changes the environment at all?

REPRESENTATIVE DUNN: I think in the management style sense perhaps, Bonnie. But, really, I'm a lawmaker, and so I think in terms of would legislation help, and I don't think you can legislate morality. The culture in a corporation starts with the chief executive. If he's not on to what's happening in his corporation, which I understand is the case with Ken Lay, if he is willing to do things that are unethical. In other words do things in private that people can't see, that are against the laws of integrity, then you really can't control that. For a politician, the question is, are you doing something that you wouldn't mind seeing

on the front page of the New York Times. But I think the bottom line, women are going to contribute because we're conscientious, we work hard. I don't think we tend to take advantage of the system. And that's what these folks were doing.

When it comes to ethics, though, you've got to remember the people who worked for the company, and so ethics becomes a translation of, are you providing safety for somebody who works in the company? Are you providing transparency and accurate information to the shareholders? That can be legislated, and we can go after conflicts of interest, which is what we've recently done here in Congress in reaction to this terrible set of fraudulent activities.

MS. ERBE: And tell me in a nutshell, what do those changes do, and do you think -- is this an instance where maybe the free market failed a little bit?

REPRESENTATIVE DUNN: No. I just think, you know, you try to play to man's better nature, and every now and then you find an exception. That is what is happening with some of these CEOs and CFOs in companies. By far the greatest number of them are honest people who run very good, high standard companies, but you also have to legislate on occasion for exceptions. So, we have provided some protection for pensions. We haven't said you can only buy 20 percent of your portfolio in Microsoft's stock, which obviously, to me, would be a very big problem for people who have faith in that company.

MS. ERBE: Congresswoman, hold that thought just for a second until we go to credits.

That's it for this edition of To The Contrary. Whether your views are in agreement or to the contrary, please join us next time. We want your feedback on our new look, and several other looks we will be trying in the near future. Please write to us at To The Contrary at PBS.org or visit our PBS Online web site at PBS.org.

(End of program.)