

## CHAPTER 11

# The GOP's War on America's Workers, the Poor and the Disadvantaged

### *Of the Rich, By the Rich, For the Rich*

*There's an old saying in Tennessee—I know it's in Texas, probably in Tennessee—that says, fool me once, shame on—shame on you. Fool me—you can't get fooled again.*

—George W. Bush, Sept. 17, 2002

The Bush neocons wanted to invade Iraq long before 9/11, and 9/11 gave them the convenient excuse they sought. However, they faced a major inconvenient fact—that Saddam and Iraq had nothing to do with 9/11. In fact, the connection was so nonexistent that it is highly likely that *not even one individual* among the hundreds of thousands of Iraqis who died because of Bush's war had had even an inkling of bin Laden's 9/11 plan, let alone supported him or his plan (versus Bush himself, who had had much more than an inkling, but ignored all warnings.)

The neocons correctly concluded that they could make it to Baghdad by duping a do-nothing-good, see-no-evil GOP Congress and gullible American voters through a relentless campaign of lies and distortions. The Bush League of Nations, one key element of that campaign of mass deception, was intended to make Americans believe that there was broad international support for the Iraq war.

Although the Bush League did provide modest military advantages to the United States in Iraq, its main purpose was to provide essential propaganda for domestic consumption, thus paving the road to war.

The war in turn helped push an extreme domestic agenda for America, which is the subject of this Part IV of this book. It did so by: (1) distracting the voters' attention from domestic legislation and executive decisions, both legal and illegal, and (2) fueling perpetual fear, thereby boosting knee-jerk support for America's "war president" in both international and domestic affairs, including his unprecedented assault on the U.S. Constitution and America's democracy.

Do Bush and the GOP have a strategy for success in Iraq, let alone an exit strategy? Is there anyone in the entire world outside America who believes Bush and the GOP have a strategy for success in Iraq, or ever did?

As for Bush's *personal* "exit strategy," it's apparent to the most casual observer that he intends to hang on until January 20, 2009, and then "cut and run," dumping his Bush League mess into the lap of his Democratic successor. This will fit well that familiar pattern of George W. Bush's entire personal, business and political life: defecate and go, leaving the cleanup to others.

In parallel, Bush's and the GOP's domestic plan is "gut and run." Give trillions of dollars to the Super Rich and Big Business. Savage the U.S. government by bloating it while making it less efficient and massively more corrupt. Run up multiple enormous unsustainable deficits and debts. Bankrupt America both morally and financially. Plant the seeds for the GOP Great Depression II. Screw generations of the unborn by giving them the GOP Shaft. Take the money and run. "Gut and run."

Both internationally and domestically, someone else will have to cope with the enormous piles of GOP excrement left by America's worst president ever and America's most corrupt Congress of the last century.

Going for a Bush trifecta, let's throw in Bush's personal plan for his early adolescent years—the first two-thirds of his life—which was "rut and run."

So, to sum it up, here's Bush's trifecta:

- 1) Adolescent Years (to age 40)—Rut and Run
- 2) International/Iraq—Cut and Run
- 3) Domestic Policies—Gut and Run

In this chapter we'll focus on a few choice items from the GOP's destructive domestic agenda.

## The Wedgies—A Phony Culture War

The focus of this chapter is on the *big money* issues—feeding the Super Rich at the expense of everyone else—the *raison d'être* of the Bush administration and the GOP. Included are some of the so-called *cultural* issues used by the Bush regime and the GOP to inflame, divide and conquer—anything to remain in power so they could continue carrying water for the Super Rich.

The Bush administration is especially adept at amplifying, and frequently creating out of thin air, so-called "wedge" issues designed to rally and inflame its supporters and gain lots of votes. Although the immediate purpose of this assault—which ramps up right before each election—is to win elections, the real long-term prize is the milking of America by and for the Super Rich.

The "wedgies," which typically are soft inflammatory "cultural/religious" issues, are tricks of the trade to accomplish an unrelated secular agenda that could not be accomplished without these tricks. At the same time, they deflect attention from real Christian issues that demand but don't get attention.

Prejudices are exploited, minorities are bashed, wars are waged, and artificial social issues such as Terri Schiavo (including the publicity stunt of Bush flying back to Washington to sign a bogus bill) are created—all for the purpose of energizing Bush's base and distracting America so that the GOP and the Super Rich can take the loot out the back door.

Gay marriage is one of the most prominent wedge issues. In the run-up to the 2004 presidential election, Bush conservatives calculated correctly that pushing an amendment to the U.S. Constitution to ban gay marriage in all states would be a

clever wedge issue to use against Democrats and attract the Religious Right to the polls. Republican senators wasted the U.S. Senate’s time on this charade even though they knew it would be impossible to get the necessary three-fourths approval of the Senate.

When campaigning in Ohio in 2004, where conservatives were attempting to get a ban on gay marriage on the ballot, Bush was met with a newspaper ad that read: “Jobs lost in Ohio since 2001: 255,000; gay marriages in Ohio: 0. Focus on Americans’ real priorities, Mr. President.”

That sums it up. The cultural bashing by the GOP successfully diverted attention from truly important problems, especially Bush’s shortcomings in Afghanistan and Iraq. Bush was reelected in 2004, the GOP maintained control of Congress, and America was safe for GOP looting for at least another two years.

A growing number of conservatives believe it is not appropriate to amend the Constitution for the purpose of banning gay marriage. Even Dick and Lynne Cheney, who have a lesbian daughter, believe this is a matter for the states to decide, not the federal government, or so they said. It was not until after the 2004 election, shortly before Christmas 2006, that their daughter, Mary, announced she and her partner were going to have a baby in the spring.

We wish the new family of three well, and we pray for that day in America when the birth of a child to good parents like Mary Cheney and Heather Poe no longer triggers such ill will from the Religious Wrong or anyone else. We pray for that day when such a joyful event will be no more newsworthy than the birth of any other child in America.

#### **SIDEBAR: “Gay Marriage? Haven’t They Been Punished Enough?” (Jesus Talks About Gay Marriage.)**

Jesus sat listening to a group of dusty travelers at a dusty camel stop along a dusty Interstate near dusty Anywhere, Texas. The travelers were bemoaning the sad state of American-Style Marriage, especially in blood-red areas of red states like Texas. One dusty sage noted, “About half the red marriages in Texas are total failures—divorces, I mean—and 62% of the rest are close to cardiac arrest.”

“Yup,” interjected Jesus, “you wouldn’t buy a camel with that track record.”

Seeking to bait and trap the long-haired hippie liberal, the Pharisee Phat Robertson—who had just stepped out of his air-conditioned “Leave-No-Chauffeured-Preacher-Behind” limo and was both cranky and cranked up—asked Jesus: “Why should those perverted, disgusting queers—the evil doers who have caused every abomination, every hurricane, every fornication and plague afflicting God’s people, the South’s defeat in the Civil War and the freeing of our slaves, the collapse of Christian ... well, all things evil—why should those friggin’ fornicating fornicators have the right to marry and thus pervert that most holy institution of ...”

Interrupting the sputtering well-lathered Phat, Jesus replied: “And so, Pharisee Phat, you are trying to ask, ‘Should American gays and lesbians have the right to marry?’ My Father in Heaven recently told me, ‘Of course not, Son! Haven’t they been punished enough?’”

A “hah, hah, hah” hallelujah chorus rang out from the crowd, except that no laughter came from the gurgling gullet of Pharisee Phat. Sadly, Phat’s unique double-stranded helix of DNA—one strand for Bigotry and one for Buffoonery—permitted him joyful laughter only when the least, the last, and the lost were being screwed, barbequed and tattooed by the Religious Right.

“But kidding aside,” continued Jesus, “I say that even a blind woman can see that it is heterosexuals, especially the males—Dad sometimes calls them the ‘Dumb-Stick Afflicted’—who most violate and profane marriage. Therefore I say unto you that it is the heterosexuals who should forfeit *their* right to marry, and thus, henceforth, *only* gays and lesbians should have that sacred right.”

“Yes, a gay marriage is better than an unhappy marriage,” Jesus noted.

“You see,” continued Jesus, “marriage is like a camel. A camel looks a little different from each perspective ... it just depends on where you’re standing. Unfortunately, bigoted rightwing male Texan politicians don’t know squat about raising healthy camels.”

Jesus then reinforced the lesson with several parables—all grounded in love, tolerance, faith, liberty and personal responsibility—including the observation that a Christian is obligated to worry first about the log in his own camel’s eye and not the speck in his neighbor’s camel’s eye.

Well, Jesus was talking pretty fast at this point, and although your faithful scribe may have missed something, you get the general idea. Jesus did add something here about Christians not having the right to judge or screw up their neighbor’s camel, particularly when they’re busy mis-screwing their own. Like I said, Jesus was talking pretty fast. Anyway, reinforcing his lesson with a nice simile, Jesus said, “A loveless marriage is like Bush’s horseless ranchette in Texas—a sham and a shame. In the Middle East, we Arabs and Jews say it is like a wannabe leader who is all saddle and no camel.”

With sad disappointed eyes, Jesus then looked straight into Pharisee Phat’s heart—or, more accurately, into that part of Phat’s fat corpus where a heart is usually found—and spoke thus: “It is more difficult to find a multi-millionaire Religious Right preacher who has not violated his marriage vows—one who lives the purity tests that he wishes to impose on all others, especially women—than it is to find a flying camel that speaks fluent French.”

This last observation by Jesus for some reason—perhaps it was the French part—really got Phat’s camel—or rather, his goat—turning Phat permanently into a Category 5 hurricane of foaming fury and ballistic bigotry, although many longtime Phat observers later remarked they could hardly tell the difference.

Tens of millions of rightwing American Christians, including Pharisee Phat Robertson, believe that Muslims will burn in Hell for eternity unless they convert to

Christianity and accept Jesus. As a personal religious matter, this belief represents freedom of religion—and Bush as an individual is free to believe this—but as an ingredient, even the slightest ingredient, of American foreign policy, it represents *insanity*, and that's where “W” the president became “Wacko.”

Bush grossly misused and abused religion to sell his war on Iraq. If Christianity were a child, Bush would be a pedophile. His immoral Bush League values are just not in the ballpark.

Much of the world sees Bush's war on Iraq as a militant evangelical Christianist war. Along the way Bush and the Religious Right co-opted the term “evangelical” and gave evangelicals a bad name. The invasion of Iraq offered rightwing evangelicals the illusory prospect of traveling to Iraq and converting Muslims into Christians—but, alas, not one rich leader of America's Religious Right has had the courage to go to Iraq and chew on that bone.

The milking of cultural/religious issues by Bush and the GOP Cons has several hallmark characteristics. These conservatives talk or cast meaningless votes about the soft issues, but, after the election, they go back to work for the Super Rich, who actually get something. Lies and deception are standard operating procedure. Say one thing and do another. This is Bush and GOP conservatism at its best—conservatives con you when it serves their interests. They especially con middle- and low-income workers who vote Republican for this or that hot social issue. Here are some examples:

- GOP conservatives *talk* about making government smaller—but the Super Rich *get* a big cut in capital gains taxes (and, along the way, the conservatives actually make government *much* bigger, which helps keep that “issue” alive.)
- GOP conservatives *talk* about bashing gays and restricting their rights—but the Super Rich *get* the elimination of the estate tax (which only helps the top one-half of 1% of all estates, as the bottom 99.5% paid zero estate tax in the first place.)
- GOP conservatives *talk* about restoring traditional values in America—but the Super Rich and Big Business *get* tax breaks totaling more than one thousand billion dollars, plus reduced IRS audit and enforcement regarding their tax returns.
- GOP conservatives *talk* about stopping abortion—but the Super Rich and Big Business *get* massive deregulation—typically involving *privatization* of the profits and *socialization* of the costs and risk—and stuff hundreds of billions of dollars into their own pockets.

Bush, his family and his neocon team do not practice what they preach. For example, the Bush administration pushes *abstinence-only* sex education. But what are the odds of finding even *one* adult member of the extended Bush family who has practiced abstinence before marriage? If Bush wanted to demonstrate moral consistency and strong leadership regarding this “important” issue, he could have demanded virginity tests for his two daughters.

The Bush regime criticizes the content and language in movies and on television. Yet both Bush and Cheney use foul language without apology, and their policies are much more deadly than anything in the media.

The storm troopers in the Cons' attack on minority rights and women's rights are a gaggle of gleeful white men, who especially love to tell women what they can and cannot do with their bodies, while their own testosterone-driven defects are immune from scrutiny.

### **Bush's Domestic Banners**

Virtually all of Bush's domestic agenda can be explained and predicted by two *banners* he proudly carries on behalf of the Republican Party:

- Banner No. 1: "Of the Rich, By the Rich, and For the Rich." Does a policy favor the Super Rich and large corporations? If yes, then Bush knows it is an excellent policy. Consequences and fairness don't matter, since the core of the GOP's donor base is happy. The corollary is that if a policy helps the working poor or middle class, it is a bad policy.
- Banner No. 2: "The Prince of War—Pandering Warmonger for the Religious Right."

Don't even pretend to represent all the people. Show your strength, leadership and extreme religiosity by dividing and bashing. Your kind of so-called Christians will love you for your rightwing religiosity. Ignore facts and avoid critical thinking, knowing that God is directing you. You need the "Christian" vote in order to screw America's workers and the world.

These Bush banners have cost middle-and lower-income Americans dearly. They represent class warfare on America.

The two Bush banners also weaken America's influence and power in the world.

- Regarding future international coalitions, why would any nation or people trust Bush or the neo-GOP enough to join America in a major league way?
- Why would poor oppressed peoples living under dictators rally behind a man who represents the Super Rich and whose family is Exhibit A for crony capitalism?
- Why would poor but hopeful people in fledging democracies like Gaza and Iraq respect a warmongering elitist and his party who actively oppose their interests and aspirations?
- Why would oppressed Muslims anywhere in the world trust this crusader for the Christian right—a crusader who knows you are going to Hell unless you convert to his particular flavor of Christianity, and who enjoys sleepovers with the rightwing princely dictators of Saudi Arabia?
- Why would workers or the unemployed in Iraq expect anything good from this *two-Americas* man who stifles the working class of America to the advantage of the don't-need-to-work class?

Although Bush's two banners gained him and the GOP millions of votes at home and hundreds of millions of dollars in campaign contributions, they cost America the support and goodwill of billions of "voters" around the world.

We turn our attention now to a few of the most important items on the Con's destructive domestic agenda.

## Gutting Social Security to Feed the Super Rich

### SIDEBAR: Bush Talks Good about Retirement

*“Now, we talked to Joan Hanover. She and her husband, George, were visiting with us. They are near retirement—retiring—in the process of retiring, meaning they’re very smart, active, capable people who are retirement age and are retiring.”*

—George W. Bush, Feb. 12, 2003

Social Security taxes are very regressive and fall most heavily on middle- and lower-income working families. Although this fact alone is bad enough, the whole truth about Social Security is much worse.

Social Security is a major piece of the U.S. tax system—a system that, especially over the last 25 years, has become a scheme “of the Super Rich, by the Super Rich, and for the Super Rich.” As we shall see, GOP kleptomaniacs have raided the Social Security *lockbox* to the tune of hundreds of billions of dollars, and their privatization schemes—better known as *pirate-ization* schemes—are intended to kill the system completely. Reagan was the first president to raid Social Security funds, and he is responsible for destroying the Social Security lockbox.

The Internal Revenue Code has grown in length from 14 pages at its inception in 1914 to 17,000 pages. Chances are good that none of those additional pages were written by or for you, unless you are a member of the Super Rich. But Bush’s corrupt friends at companies like Enron and Halliburton have their dirty fingerprints all over them.

### SIDEBAR: The K Street Project

A huge army of Washington lobbyists works for the Super Rich and large corporations. They are paid well because they work financial miracles for their clients in the hallways and backrooms of Congress. They are welfare workers for the rich and powerful. They are expert navigators of the GOP public trough in Washington.

There were already far too many lobbyists in Washington when Bush took office, but the number more than *doubled* under his watch. The number exploded because America’s GOP-controlled government was for sale. When it comes to understanding GOP *values*, just follow the *valuables*.

By 2005 the number of registered lobbyists in Washington had grown to more than 34,750, which means there are about 65 lobbyists for *each* of the 535 elected senators and representatives in Congress. The scale of corruption is unprecedented. So is audacity—lobbyists frequently even *write* the legislation for lazy lawmakers who are too busy raising money, living high on the hog, and milking the system.

The GOP launched the “K Street Project” in 1995 to force lobbying firms to hire Republicans and give generously to GOP politicians and causes.<sup>100</sup> Among the GOP thugs leading the carrot-and-stick effort was Tom DeLay, the House majority whip. The carrot for the lobbyists’ cooperation included access to GOP leaders, reduction in government regulation and oversight, and the ability to write the legislation and regulations they really wanted. The stick was the threat to cut off access to America’s GOP-controlled government. The GOP took names, maintained hit lists, and operated like the Mafia.

The GOP-centric lobbyists and the GOP-run Congress worked hand in hand with the GOP White House on their *pro-Big Business* and *pro-Big Government* agenda. Yes, notwithstanding the decades of rightwing propaganda about the GOP advocating smaller government, the exact opposite is true. The expansion of the federal government under Bush and the GOP Congress is unprecedented, and the reason for this is simple. It’s all about money, lots of money. The bloated, porked-up, GOP-mismanaged government provides countless opportunities for hungry GOP pigs to dine at the trough. The “GOP” richly deserves to be called the “Gang of Pigs.”

At the same time, GOP lobbyists are as happy as pigs in mud. Their compensation has risen enormously since Bush took office, and the amount charged new clients has about doubled. Average starting salaries for Washington lobbyists have jumped to about \$300,000 per year. The revolving door for government workers and elected officials has never been better “greased,” with many sought-after individuals making more than \$1 million annually.

What a great system! Everyone is happy, right? Well, not exactly. Middle- and low-income Americans are getting screwed. In fact, America’s bottom 99% is getting the GOP shaft.

If you want to get sick and outraged about America’s tax system, then you should read, *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich—and Cheat Everyone Else*. The author of this popular book is David Cay Johnston, a Pulitzer Prize-winning reporter for *The New York Times*.

If you’d like to focus on the Social Security shell game, which is the subject of this section, then you should read that book’s Chapter 8, “How Social Security Taxes Subsidize the Rich.”

Here’s an expanded road map of the gutting of Social Security to date:

**Step 1:** Congress in 1981 passed the biggest income tax cut in history, even though: (1) the federal deficit that year was \$125 billion; (2) the United States had not had a balanced budget since the 1960s; and (3) the federal debt was almost \$1 trillion. The Super Rich were the main beneficiaries of this Reagan tax cut—of course. The richest 1% received more than half of the estimated \$1.3 trillion tax cut. The highest income tax rate was substantially reduced from the then current 70%. The now-

<sup>100</sup> The GOP’s “K Street Project” takes its name from Washington’s K Street, where many lobbying firms are headquartered.



discredited champions of *supply-side* economics pushed the tax cut, although the Democrats also played a key role in the tax cutting frenzy. [**Key point:** The Super Rich made out like bandits.]

**Step 2:** What happened? Well, the *supply-side* wizards representing the views of the Super Rich said that the lower income tax rates for the rich would cause more investment, more economic growth, and, ultimately, an increase in tax revenues and a balanced budget. Regarding their promise of increased tax revenues and a balanced budget in two or three years, they either lied or were stupid, although “they lied” is the best bet. In any case, they were fox raiding the chicken coop. In 1982 the federal deficit more than doubled from the previous year, and in 1983 it increased again, to \$343 billion. Our federal government was fiscally out of control, and unemployment hit 10%. [**Key point:** The Super Rich were doing fine—they were getting wealthier because they were not paying their fair share of taxes.]

#### **SIDEBAR: Voodoo Economics**

During the 1980 presidential campaign, George H. W. Bush famously referred to the *supply-side* theories favored by Reagan as *Voodoo Economics*. David Stockman, Reagan’s budget director, later blew the whistle on these theories, together with their promise of “trickledown” benefits to the middle- and lower-income classes, in his 1996 book, *The Triumph of Politics, Why the Reagan Revolution Failed*. Reagan, to his credit, may have initially believed the theories would work. He probably wasn’t certain, but thought they were worth trying. In any case, when he realized they didn’t work, he recognized his mistakes and tried not to repeat them, which is to his credit. However, as discussed below, George W. Bush has repackaged the failed *supply-side* snake oil and relentlessly pushed it. Faith-based ideology, coupled with unbridled greed, has triumphed over facts and common sense.

**Step 3:** Things were such a mess that Reagan had to accept several tax increases. However, since Reagan politically couldn’t call them “tax increases,” he consistently referred to them as “revenue enhancements.” (The progressives in your author’s home state of North Dakota call this sort of duplicity *lying*, but in GOP-speak it’s called *talking*.) These 1982 tax hikes did *not* reverse any of the previous income tax cuts for the rich. Rather, various regressive excise taxes were imposed, including a nickel-a-gallon gasoline tax, which had the biggest impact on the working poor. Johnston notes that the revenue enhancements “could also have been called tax hikes on Joe Lunchpail to benefit the rich.” [**Key point:** The Super Rich did fine—thanks to Reagan, their income tax cuts were still in place, and they felt no pain from the recession or from the “revenue enhancements” pinned on the little people. **Very key point:** The tax-and-spend Republicans took a giant stride forward in achieving their principal goal: shifting as much of the tax burden as possible from the Super Rich to middle- and lower-income working Americans.]

**Step 4:** Partly to distract attention from the federal budget mess and the high unemployment rate, the Reagan administration shifted the spotlight to Social Security. A commission headed by Alan Greenspan in 1982 said that Social Security was in terrible shape, and that unless something was done, there would be a big problem in about 31 years—yes, 31 years! Democrats and Republicans then worked together to greatly increase Social Security taxes, even though many said the administration was just using scare tactics. Senator Daniel Moynihan called the increase “thievery”—the rich would be the beneficiaries of the stolen goods since *they kept* their Reagan income tax cuts while *everyone else paid more* in Social Security taxes. **[Key point:** The Super Rich are doing fine—you don’t need to worry about them, given that the President, Congress, and an expanded army of lobbyists and tax attorneys work for them.]

**Step 5:** Several additional increases in Social Security taxes were imposed in the last three decades. The maximum Social Security tax was \$327 per employee in 1970. By 2006 it had risen to \$5,840.40. Since the employer pays the same amount on behalf of the employee, the maximum tax on the employee is really \$11,680.80 per year in 2006. If your spouse works, you can double this amount to \$23,361.60! The employee and the employer each pay an amount equal to 6.2% of the employee’s wages, up to a wage cap of \$94,200 in 2006. For Joe Lunchpail, or any other middle- or lower-income wage earner, the effective Social Security tax rate is really double the 6.2%, which is 12.4%. **[Key point:** The Super Rich are very happy. For someone with \$1 million in annual income, the effective Social Security tax rate is about one percent, vs. the effective rate of 12.4% for Joe Lunchpail. For someone making \$10 million per year, the effective tax rate is only, well, you get the idea. But keep reading. It gets much worse.]

**Step 6:** Working Americans have been paying much more each year into Social Security than is paid out in benefits. This *overtaxing* started in 1983, and it was very modest then (only \$4.5 billion for the year), but since then it has dramatically increased. From 1999 through 2002, the total amount of Social Security overtaxing was almost \$640 billion. Between 1984 and 2002 the U.S. Government collected about \$1.7 trillion more in Social Security taxes than it paid out in benefits. **[Key point:** This is a shell game designed to benefit the Super Rich. To see how, keep reading.]

**Step 7:** You are probably thinking, “But wait—the government *should* be collecting a lot more each year in Social Security taxes than it pays out, because it has to set that money aside and have it available years later when people retire—especially with the baby boomers about to retire.” You would be entirely correct if our government was honest, but our government is not. The \$1.7 trillion is Social Security overtaxing has *not* been set aside in any *lockbox*. (Remember how the rightwing and the media laughed at Al Gore for his *lockbox* focus during the 2000 presidential campaign. Well, he was right, and the expensive joke is on us.) The U.S. Government has spent *all* of the \$1.7 trillion on its day-to-day operating expenses. The money has *not* been invested for us in stocks, bonds, real estate or anything of value other than U.S. Government IOUs. **[Key point:** The \$1.7 trillion in extra Social Security pay-

ments by middle- and lower-income taxpayers was used to help reduce the large budget deficits caused by Reagan's 1981 income tax cuts for the Super Rich. Your \$1.7 trillion was used to offset the taxes no longer paid by the Super Rich. The Super Rich are doing fine.]

**Step 8:** Our national debt grew greatly during this period (1984-2002), even though the \$1.7 trillion in Social Security overpayments was used to cover day-to-day expenses of the U.S. Government. As noted above, when Reagan took office, the national debt was less than \$1 trillion. Between 1983 and 2003 the national debt grew by an additional \$3.6 trillion, and it would have grown by an additional \$1.7 trillion (for a total increase of \$5.4 trillion) if the \$1.7 trillion had been put in a separate Social Security *lockbox* where it belonged. [**Key point:** The Super Rich are doing fine. Using the keys to the phantom Social Security *lockbox*, they took and pocketed most of the \$1.7 trillion.]<sup>101</sup>

#### **SIDEBAR: A National Lottery Creating 1,700,000 New Millionaires.**

\$1.7 trillion is a lot of money. Note: It's \$1.7 *trillion*, not \$1.7 *billion*, and not \$1.7 million. In *billions*, it's 1,700 *billions*. In *millions*, it's 1,700,000 *millions*.

So, as an alternative, if the \$1.7 trillion stolen from the Social Security *lockbox* had instead been distributed in a super lottery with \$1,000,000 prizes awarded to random middle- and lower-income taxpayers, rather than just to the Super Rich, America could have had 1,700,000 new millionaires. Well, America did conduct such a lottery, but the system was rigged to give virtually *all* the winning tickets just to the Super Rich—and they didn't even have to pay taxes on their winnings.

Alternatively, as David Cay Johnston notes, the \$1.7 trillion was enough to double the value of all 401(k) retirement plans in the United States.

**Step 9:** We were snookered again, this time in June 2001 by George W. Bush—just a few months after he took office following his selection by five Republicans on the U.S. Supreme Court. Ignoring a multitude of terrorist threats, Bush instead focused on one of his highest pet priorities—additional tax cuts for the Super Rich. He immediately accomplished this in two mighty blows for them and against everyone else. First, the most wealthy 1% of all taxpayers received the lion's share of his fiscally irresponsible \$1.3 trillion income tax cut. Second, the federal estate tax was greatly reduced over a period of several years, going to zero in 2010 (with reinstatement in 2011), which estate tax savings, contrary to rightwing propaganda, benefited *only* the top 2% of all estates, since 98% of all estates *already* were totally exempt

<sup>101</sup> From 2004 through 2006 Bush grew the national debt by more than an *additional* \$1+ trillion, and stole and gave to the Super Rich many hundreds of billions of dollars *more* from the Social Security *lockbox*. For the "National Lottery" example in the sidebar, however, we'll simply stick with the lower \$1.7 trillion figure, and not add hundreds of billions of dollars to it.

from the estate tax. By 2007, only 1 of 200 estates (one-half of 1%) paid any estate tax whatsoever. Additional rounds of humongous tax cuts for the Super Rich followed. [**Key point:** The Super Rich got much richer. Bush was successful in further widening the rapidly growing gap between the Super Rich and everyone else.]

### **SIDEBAR: Welfare for the Wealthy**

Bush and other Republicans lied when promoting the elimination of the federal estate tax. In particular, they painted a totally bogus picture that countless farming families had lost their farms because of the estate tax. “To keep farms in the family, we are going to get rid of the death tax,” lied Bush. In fact, he and his lying coconspirators greatly overstated the number of farms lost due to the estate tax. In fact, no one could identify a *single* farm that had been lost. There apparently were *none!* On the other hand, countless thousands of American families *have* lost their farms due to low prices for agricultural products—the result of the new religion of the extreme right: corporate agribusiness, global competition and the so-called free trade system that punishes small farmers.

Many of the richest people in America opposed the elimination of the estate tax. Bill Gates, Sr. and Warren Buffet are two prominent examples. More than 120 wealthy Americans signed a statement in 2001 arguing that “repealing the estate tax would enrich the heirs of America’s millionaires and billionaires while hurting families who struggle to make ends meet.” The Walton family alone would be enriched to the tune of *tens of billions* of dollars by the repeal. The estate tax helps promote an America meritocracy, not an aristocracy of wealth where economic and political power is passed down from generation to generation.

Bush and other Republicans also lied when saying that the estate tax was unfair because assets were being taxed *multiple* times (say, once when you earn it, another time when you save it, and another time when you die.) To the contrary, without the estate tax, many of the largest fortunes are *never* taxed. For example, virtually 100% of the extended Walton family fortune of tens of billions of dollars in Wal-Mart stock has *never* been taxed, and under Bush’s giveaway plans there will never be any estate tax on it. The Walton family loves Bush’s tax plans, and over the years has taken extraordinary steps to avoid paying taxes.

In sharp contrast to the Walton billionaires, the Bill Gates family realizes the unfairness of all this, and along with many other thousands of very rich Americans, including Warren Buffet, Paul Volcker and George Soros, oppose the elimination of the federal estate tax.

“Without an estate tax, these rich men believe, America will have a growing concentration of power, not in the hands of the industrious or even the merely lucky, but in the hands of people whose only smart economic decisions were picking their parents and staying in their good graces,” notes David Cay Johnson.

These enlightened wealthy people believe a person’s success should be based on merit and less on hereditary. Among the many other reasons why they oppose Bush’s estate tax madness is that the elimination of the estate tax would hurt countless charities because it would reduce the tax incentive to make charitable gifts.

**Step 10:** This is really part of Step 9 and involves a campaign of lies. How could American voters be so dumb as to allow another Republican president to raid Social Security for the benefit of the Super Rich? Well, Bush and the GOP lied to America. During the 2000 presidential campaign, some voters were smart enough to at least ask about the impact of the proposed huge income tax cut on Social Security. Bush promised many times during the campaign that he would not touch Social Security money and that at least \$2 trillion of the expected federal surplus (created under Bill Clinton’s watch) would be locked up safely for Social Security. Bush said, “For years, politicians in both parties have dipped into the [Social Security] Trust Fund to pay for more spending. And I will stop it.” Bush lied. He repeated those promises after his inauguration. Bush lied again. By the time the tax cut legislation passed in June 2001, several newspapers including *The Wall Street Journal* had already reported that Bush really intended to pick the Social Security lockbox. [**Key point:** The *ends*—more humongous tax cuts for the Super Rich—justify the *means*—lies by Bush.]

**SIDEBAR: Paul O’Neill: “We’d all be in jail”**

Bush’s handpicked former Secretary of the Treasury, Paul O’Neill, was extremely critical of the way Social Security is managed. Speaking to a group of investment managers just days after Bush’s tax cuts were passed in June 2001, O’Neill said that if he and his fellow executives had managed their corporate pension funds the way the U.S. Government managed Social Security, “we’d all be in jail.” O’Neill, a truth teller who previously was chairman and CEO of Alcoa, said, “we would not be permitted to have pension-fund obligations without assets behind them.” He went on, “I come to you as managing trustee of Social Security. ... Today we have no assets in the trust fund. We have promises of the good faith and credit of the United States government that benefits will flow.”

**Step 11:** This is another snookering of the Social Security system and all middle- and lower-income taxpayers (like Step 9 above.) Following the 2002 midterm elections, Bush took the opportunity to further line the pockets of the Super Rich by imposing another *supply-side* tax cut on an already Bush-damaged economy. More than two-thirds of this \$350 billion income tax cut goes to the top 10% of taxpayers. This further crippled the ability of the U.S. government to set aside funds for Social Security. [**Key point:** The Super Rich are happy. Bush and the Republican-controlled

Congress further lined their pockets, and, in any case, the Super Rich don't need Social Security benefits.]

### **SIDEBAR: The Greenspan Flip Flop**

Regarding the interplay between Bush's record budget deficits and the future of Social Security, flip-flopper Alan Greenspan bowed to rightwing political demands that there not be any tax increases for the Super Rich (or any cancellation of the large tax cuts previously given them by Bush.) In testimony before the House Budget Committee on February 25, 2004, Greenspan urged Congress instead to *cut* Social Security benefits for future retirees. He later repeatedly made this plea. The main cause of the massive record budget deficits is the tax cuts for the Super Rich, but Greenspan wanted to protect the Super Rich, while scalping middle- and lower-income retirees. However, in 2001 Greenspan had assured Congress that the Bush tax cuts would not jeopardize Social Security benefits. Incredibly, this flip-flopping shill later advocated that the tax breaks for the Super Rich be made permanent.

**Step 12:** Assess your level of outrage. If you are a middle- or lower-income worker (say, anyone but the top 2%) and are retired, or will be retired soon, you should be outraged at what Bush and the GOP are doing to Social Security and your financial future. If you are a young middle- or lower-income worker not close to retirement, you should be incredibly, incredibly outraged:

- 1) Guess who is now paying for all the Social Security benefits that are currently being paid out each year to the people already retired;
- 2) Guess who is effectively pocketing the Social Security "overpayment" that you make each pay period (hint: it's not you, and *none* of your dollars are going into any Social Security *lockbox*);
- 3) Guess who will pay for all Social Security benefits for those people who retire in the coming years, including the baby boomers;
- 4) Guess who should plan on funding his or her own retirement.

**[Key point:** You've been screwed, and you should be mad.]

**Step 13:** (making it a baker's dozen): For simplicity, in the above saga of misdeeds we focused on the interplay between the tax cuts for the Super Rich and the gutting of Social Security. There is also interplay—disastrous interplay—between the tax cuts for the Super Rich and: (1) Medicare, (2) Medicaid, and (3) our exploding national debt. We'll cover these topics later in this chapter. If you are not a member of the Super Rich—or if you are a member of the Super Rich who cares about fairness and the future of America—then you should be alarmed by the GOP policies of the Bush administration. **[Key point:** The screwing is continuing, and you should be very mad.]

**SIDEBAR: Bush's Base**

In October 2000, while wearing a tuxedo and apparently joking to an affluent crowd, Bush declared, "This is an impressive crowd: the haves and the have-mores. Some people call you the elites; I call you my base." [Laughter]

Another disadvantage of Social Security taxes is that they are a form of double taxation. The wages of Joe and Judy Lunchpail are subject to income taxes, and the same wages (up to \$97,500 in 2007) are also subject to Social Security taxes. (The Super Rich thus pay this double tax only on a small portion of their income—the first \$97,500 in 2007—which is another nice tax break for them.)

In general, middle- and lower-income working Americans are being double and triple taxed, but the Super Rich are frequently being *single taxed*, or *half-taxed*, or *no-taxed*. Capital gains, for example, which are at lower rates, disproportionately benefit the Super Rich, for whom they are designed. Republicans want *work income* to be taxed at a higher rate than *idle income*. In fact, many Republicans want their *idle income* completely exempt from income tax! Also, Republicans have successfully shifted much of the tax burden from the income tax to other forms of taxes (sales tax, gasoline tax, various license and use charges, and so forth, in addition to the Social Security and Medicare taxes discussed above) that are *regressive* and thus fall most heavily on middle- and low-income Americans. For example, a wealthy person making a million dollars a year could not smoke enough cigarettes, use enough gasoline, or take his family to enough parks, to make those taxes and charges constitute more than a drop in the bucket compared to his income. That, of course, is precisely the goal of Bush's "of the rich, by the rich, and for the rich" policies. In addition, higher usage fees—say, for America's national parks—help keep the riff raff out.

For years many conservative Republicans had their sights set on destroying Social Security and Medicare, which they see as socialistic. Yes, Social Security is socialistic, and that's good. Both working and retired Americans strongly support and need this valuable *liberal, progressive* program. Americans who count on, or expect to count on, Social Security benefits in their retirement, as well as Americans who have family members in that position, would be off their rockers to vote for the GOP, aka the Cons, aka the *Republican't Party*.

One strategy of rightwing conservatives in the GOP is to "starve the beast," which means cutting taxes so much for the Super Rich that programs such as Social Security can no longer be afforded and will have to be cut or eliminated. The strategy also involves making life so painful for middle- and lower-income workers that they will become predisposed to gutting government. Unfortunately, with Bush at the financial helm, the "starve the beast" strategy is no longer mere rhetoric. It is being achieved in an exceptionally aggressive and deceitful manner. Kiss Social Security and America goodbye.

One of the leading Republican architects of the strategy to kill off the U.S. government is Grover Norquist, who in 1994 helped Newt Gingrich draft the Contract with America, better known as the Contract *on* America. In a May 25, 2001, interview with Mara Liasson of National Public Radio, Norquist said, “I don’t want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub.”

Incredibly, Bush and his party, the Cons, have taken the “starve the beast” strategy to new previously unimaginable levels of madness. Bush has not only greatly *increased* the size of government (versus shrinking it to a size where it can be drowned,) but he also has run massive budget deficits in order to give tax cuts to the Super Rich. The resulting huge deficits previously could not have been imagined by even the most looney Norquist supporters, who undoubtedly believed, “No Republican would do that.” But the Republican Party did do that. Thanks to Bush, America is on the road to bankruptcy and financial Armageddon—the GOP Great Depression II—with America’s power and financial future increasingly in the hands of foreign bankers, including de facto enemies of America and governments that support terrorism. The GOP is willing to kill America in order to kill Social Security, which will be just one minor victim on the GOP road to Armageddon.

The GOP’s massive tax cuts for the Super Rich created the massive budget deficits, which in turn are being cited to justify cuts in Social Security benefits. Unless America really wakes up, the Cons will get away with this. Greenspan argued for such cuts in Social Security, even though Social Security now takes in much more each year than it spends (which is due mainly to huge increases in Social Security taxes paid by working Americans and the fact that the baby boomers have not yet started to retire.)

Thanks to tax cuts for the Super Rich, federal revenue as a percentage of gross domestic product (GDP) declined by 5.2 percentage points (a 25% decline) from 2000 to 2004. This decline exceeded the entire budget deficit by 45% for that year. Federal individual income tax collections equaled 6.7% of GDP in 2004, having peaked at 10.2% in 2000. This is a decline of 3.5 percentage points (or 65%) in four years, and is just slightly less than the entire federal budget deficit (\$413 billion) for that year (2004.)

Because this financial stuff is very complex, it is perfect clay for lying rightwing politicians who know they cannot sell their snake oil if they tell the truth. Here in a nutshell is their three-step Dance of Duplicity:

- 1) they raise regressive taxes (including Social Security taxes) on middle- and lower-income American workers;
- 2) they give massive tax cuts to the Super Rich; and, surprise,
- 3) they reduce or eliminate benefits for workers and retirees.

If you make less than \$300,000 per year, the joke is on you.



**SIDEBAR: Death Taxes**

Karl Rove and other Republican liars are adept at coming up with bumper sticker slogans to market their deadly snake oil. One example is the deceptive term “death tax,” which they couple with other lies to hide the truth that 98% of all estates paid *no* federal estate tax, and that 99%+ of all estates would have paid zero if reasonable exemption increases proposed by Democrats had been approved, rather than the actual looting by Bush which gives hundreds of billions in tax breaks to humongous estates that now will pay zero taxes.

Duplicitous slogans unfortunately work, especially against working Americans who work such long hours that they don't have time to pay attention. For example, when taxpayers are asked if they are for or against “*death taxes*,” a huge majority answers “against.” (Of course! Being against death is like being against disease.) However, when these same taxpayers are given the essential facts—for example, that only 2% of Americans who died had an estate big enough to result in any taxes under the prior law—then by a wide margin they do not want to eliminate the estate tax.

Yes, this tax stuff is complicated and difficult to understand, which works to the advantage of the Republican liars.

“*The hardest thing in the world to understand is the income tax.*” —Attributed to Albert Einstein.

So don't feel too bad or alone if you don't understand all the issues. However, unless you are Super Rich or have your own tax lobbyist in Washington, D.C., you are getting screwed by those who do. Thus, it may be worth some of your time to get involved and let your voice be heard.

Never giving up on their goal of eliminating Social Security, rightwing extremists can be expected to push forward on *privatization*, which means the creation of new personal retirement accounts. In practice, this will prove to be another tax dodge for the wealthiest in America, who will receive the lion's share of the tax benefits. GOP-friendly Wall Street conservatives also love this idea, as it presents an opportunity for fat cat investment bankers and brokers to make hundreds of millions of dollars in additional fees, while greatly increasing the cost of running Social Security. It will also undermine Social Security financing. Consider also what would have happened to the value of your private Social Security account during the recent stock market downturn if this scheme had been in place. Fortunately, the American people, including not only Democrats but also a significant percentage of Judy and Joe Lunchpail Republicans, have slowly been awakening to the fact that Bush and the Cons are pushing fiscal schemes from Hell.

The GOP-run Congress got away with its milking and destruction of America because too many voters were not paying attention. The voters' swallowing of the GOP's “deficits don't matter” mantra is adequate proof of that. There are countless examples of voters not paying enough attention. One of the most costly examples is the deregulation of the savings and loan (S&L) industry in the 1980s and the result-

ing collapse of most of America's S&Ls, which cost American taxpayers more than 1,000 billion dollars. (Imagine a pile of one million dollars, and then imagine one million such piles.) Not really understanding the complexities, Americans snoozed, and members of Congress were astounded and relieved that they received passes for the deregulation mess they caused, with not a single member of Congress losing his job, going to jail, or even being taken to the woodshed.

Another expensive example is the deregulation of the electric power industry in recent years, which cost consumers countless billions of dollars in inflated electricity charges. In this case, Bush-friendly looters including Enron gamed the system and made out like the bandits they were. Once again, the GOP-controlled Congress, as well as American voters, handed out too many passes to the GOP's fat cat corporate base.

The gutting of Social Security—called *privatization* by the Bush League looters—will have even more disastrous consequences. American workers and retirees should remember that in the GOP dictionary, “privatization” means “pirate-ization.” American workers and retirees should also heed Bush's own words, “fool me once, shame on—shame on you. Fool me—you can't get fooled again.”

Thanks to God and Franklin Roosevelt, the safety net of Social Security is in place. If it did not exist, the Banana Republicans would oppose its creation, just as they did during the GOP Great Depression of the 1930s. Unfortunately, thanks to the Devil, the GOP aims to destroy the safety net by replacing Social Security with “broker security” and “social insecurity,” while opening the door to fraud.

Bush spent the first year of his second term traveling across America unsuccessfully trying to sell the GOP's Social Security schemes to America's voters. The time he wasted would have been better spent on planning an exit strategy for Iraq, something he refuses to think about.

#### **SIDEBAR: Strengthening Social Security**

The best way to strengthen Social Security is to *eliminate* the cap on income subject to Social Security tax (\$97,500 in 2007), without changing the payments to retirees. This cap elimination also has the advantage of ameliorating a major Social Security negative that operates to the disadvantage of low- and middle-income workers and to the advantage of the rich, namely that the current tax is very regressive. For example, a low-income worker making only \$10,000 per year pays 6.2% of that in Social Security tax (12.4% if we include the employer matching amount), while a Bush fat cat making \$1,000,000 per year pays less than 0.6% (less than 1.2% if we include the employer match.)

#### **Pension Benefit Guaranty Corporation (PBGC)**

This public entity exists to protect retirees by guaranteeing the pension obligations of certain defined benefit pension plans, although the monthly payments per retiree are capped. The PBGC exists as a safety net for employees and retirees in the event a

covered plan fails or is in danger of failing, which happens when corporations fail to set aside enough funds each year to cover the retirement benefits that they have agreed to pay.

Unfortunately, senior executives of many large corporations use such underfunding of pension obligations as a creative accounting tool to pump up corporate profits and thus their own incentive compensation. In the process they stiff their employees and retirees, as well as American taxpayers who may later get stuck with a huge bill. Corporations with covered plans pay insurance to the PBGC, which hires money managers and consultants to prudently invest the money. All parties have a legal fiduciary duty to act on behalf of employees covered by the plans, but there is inadequate review and auditing by the federal government, since corporations, money managers and other consultants do not want such oversight.

In 2001 the PBGC had a *surplus* of more than \$7 billion, but by 2005 the PBGC had a *deficit* of \$23 billion, due to a huge number of corporations walking away from their pension obligations. Their behavior was definitely Bush League.

## Medicare and Medicaid

Medicare is a nationwide, federally administered health insurance program that covers the costs of certain medical care and hospitalization services for seniors over age 65 and certain other eligible individuals. President Lyndon Johnson signed it into law in 1965, and most Americans over 65 are covered by it.

Medicaid is a nationwide program sponsored by the federal government and operated by the individual states that provides health care services to certain low-income individuals. Within broad federal guidelines, the individual states decide who is eligible, the services covered, the pay rates for providers, and so forth. The program varies from state to state and does not provide services to all low-income people.

As discussed previously in this chapter, Bush's massive tax cuts for the Super Rich have jeopardized both Medicare and Medicaid. Under Bush's expanded version of Reagan's *Voodoo Economics*, the amounts deducted from your paycheck for Medicare are not being set aside in any *lockbox* to be available when needed. Rather, 100% of the amount you pay each pay period (1.45% of all your wages, without limit, in 2006) is used to pay the current operating expenses of the U.S. government, and, of course, to fund the GOP's massive ongoing tax cuts for the Super Rich.

Republicans pump out much propaganda to encourage Americans to believe that almost all of the federal government "free benefits" go to lazy, shiftless people who can work but simply choose not to (a description, by the way, that applies better to the inherited-wealth aristocrats who don't need to work, and will never *need* one cent of benefits from Social Security, Medicare, Medicaid, and the like.) All sorts of programs, including Social Security, Medicare and Medicaid, get lumped together in the rightwing propaganda, and the federal government is incorrectly painted as bloated with high administrative costs. Out of necessity and greed, Republicans resort to such lies in order to sell their bogus policy of cannibalizing America's social safety net for middle- and low-income Americans in order to fund Bush's massive tax cuts for the Super Rich.

Extreme rightwing GOP Neanderthals would completely eliminate all these programs if they could.

How about the GOP Congress? Although it did strive to screw middle-and low-income Americans whenever it could by cutting benefits, its primary mission was to manipulate these programs to create a massive welfare system for large corporations and the wealthy. We will discuss this further below.

Regarding Medicaid, columnist Bob Herbert in a June 11, 2004, opinion in *The New York Times* provides a good example of Republicans at work at the state level. In May 2004 Mississippi “approved the deepest cut in Medicaid eligibility for senior citizens and the disabled that has ever been approved anywhere in the US.” When he signed the rollback legislation, Mississippi’s governor Haley Barbour—a former chairman of the national Republican Party—complained about taxpayers having to “pay for free health care for people who can work and take care of themselves and just choose not to.” The truth is that the new law, in addition to other cuts, ends Medicaid eligibility for 65,000 low-income seniors and people with severe disabilities, including, for example, “a 36-year-old mother of three who was left a quadriplegic after a car accident.” The “stunning rollback of services in Mississippi’s Medicaid program” was initiated by the Republican-controlled state senate. According to Herbert, “If you want to see ‘compassionate’ conservatism in action, take a look at Mississippi, a state that is solidly in the red category (strong for Bush) and committed to its long tradition of keeping the poor and the unfortunate in as ragged and miserable a condition as possible.”

Hurricane Katrina and a GOP-run FEMA provided another more recent example of “compassionate” conservatism and incompetence at work. Even organizations officially classified as terrorist organizations by the United States, such as Hezbollah in southern Lebanon, provide emergency assistance faster and better than the Bush League FEMA, and that’s just one reason why they, and not Bush, are winning the hearts and minds of Muslims.

The Bush administration pushes Medicare policies that favor its base of wealthy contributors and large corporations over everyone else. The main thrust of Bush’s 2004 massively expensive Medicare legislation—the largest expansion ever—was to reward pharmaceutical companies, HMOs and other large corporations, all at the expense of middle- and lower-income working Americans.

Because it is impossible for the Bush regime to sell its Medicare policies to Congress and the American people based on the merits, it resorts to lies, distortion and anti-democratic tactics.

The Bush regime’s pattern of duplicity is illustrated in the Medicare legislation it pushed through Congress in 2004. Among the abuses:

- The Bush team lied to Congress about the expected cost of the proposed legislation. Knowing Congress wouldn’t approve a bill costing more than \$400 billion, the Bush team lied, saying it would cost only \$400 billion, and withheld much higher official cost estimates. Specifically, Medicare’s Chief Actuary, Richard S. Foster, said the Bush administration threatened to fire him if he disclosed to Congress cost estimates showing the legislation would be about one-third higher than the \$400 billion. In hiding the relevant information from Congress, the Bush regime even lied to the members of its

own party, and it later blocked an effective independent investigation of the fraud.

- Republican House leaders including Tom DeLay apparently even tried to bribe a GOP House member to get him to vote for the legislation. Following the longest roll call in the history of the House, the legislation passed by a few votes shortly before dawn. In a break from House procedures, the voting was kept open so that dissident House members could be coerced and bribed. Representative Nick Smith (R-MI) told a radio station that GOP colleagues had offered a \$100,000 campaign contribution for Smith's son (who was running to replace his father, who was retiring) if he voted for the Medicare bill. The House ethics panel later played patty cake with the crook DeLay as it did a milquetoast investigation of the bribery and coercion charges. Smith did not run for reelection in 2004.
- In May 2004 the Government Accountability Office (GAO), which is the investigative arm of Congress, determined that the Bush administration (through its Department of Health and Human Services) violated two federal laws in the way it conducted its publicity campaign promoting the new Medicare changes. In hyping the legislation, the Bush team illegally spent taxpayer money to produce phony videos that were made to resemble news reports. The "announcers" in the videos were not real reporters, and they were paid with taxpayer money. At the end of the English version of the so-called "story package," a woman says, "In Washington, I'm Karen Ryan reporting." At the end of the Spanish version, a male "announcer" says in Spanish, "In Washington, I'm Alberto Garcia reporting." The GAO's legal opinion stated that the deceptive videos: (1) violated a statute prohibiting the use of federal funds for *covert propaganda*, and (2) violated the federal Antideficiency Act, which applies to the unauthorized use of federal funds.
- As for the substance of the legislation, this incredibly expensive legislation was a sellout by the Bush administration to pharmaceutical companies and the managed care industry (HMOs, etc.), which contribute enormous sums to Republican coffers. During the drafting, debate and passage of this Big Pharma welfare legislation, the pharmaceutical industry had an army of more than 700 paid lobbyists in Washington working hand in hand with Bush and the GOP Cons to screw America.
- GOP Congressman Billy Tauzin, who played a key role in shepherding Big Pharma's Medicare legislation through Congress, became the head of Big Pharma's most powerful trade group on January 3, 2005, the same day he left Congress, and received an annual compensation package valued at \$2.5 million.
- One of the most outrageous provisions of the Medicare bill *prohibits* the U.S. government from negotiating lower drug prices for Medicare's 41,000,000 beneficiaries. Stunningly unbelievable—this massive price-fixing is so corrupt and anti-American that it is difficult to comment upon. So let's simply repeat what the Bush legislation does: It *prohibits* the U.S. government from negotiating lower drug prices for Medicare's 41,000,000 beneficiaries!

**SIDEBAR: Price Fixing and Welfare for Big Pharma**

Yes, this Republican corruption and sellout—this corporate welfare for the pharmaceutical industry—actually prohibits the U.S. government from negotiating lower drug prices for Medicare’s 41,000,000 beneficiaries! Medicare, probably the single largest purchaser of drugs, is thus not able to negotiate volume discounts or any other price discounts. Price negotiation used to be part of the free enterprise system in America, and anyone selling to the federal government would have expected price negotiations during the procurement process. Of course. However, the Republican Party has carved out an un-American exception for Big Pharma, and all Medicare recipients and American taxpayers are getting screwed.

The cost will be enormous—countless tens of billions of dollars. America already pays much more per prescription than any other industrialized country in the world. Prescription drugs purchased in the United States totaled about \$184 billion in 2003, which was 13% higher than the previous year. Annual price increases typically greatly exceed the rate of inflation, with double-digit increases being common.

In sharp contrast, the Department of Veterans Affairs (VA) provides an excellent model for the purchase of drugs by the United States government. Thanks to a 1992 law, the VA for over a decade has been negotiating the prices of drugs it buys for millions of American veterans. According to a 2001 study by the U.S. Department of Health and Human Services of a list of 24 drugs, the VA paid *52% less*, on average, than did Medicare!

It is truly amazing how rightwing Republicans—most of whom claim to be Christians—have no problem with enormous amounts of corporate welfare, say \$10 billion or \$100 billion, being handed out like pieces of candy to the pharmaceutical industry, while at the same time, if a disabled black woman in Mississippi gets \$100 more in some form of “welfare,” they go ballistic, believing that to be the end of the civilized world.

- The bill also provides for massive payments, billions of dollars, to large corporations that already provide drug benefits to their retirees. These corporations did not even request this pork.
- Drug and insurance companies spent \$140 million lobbying Republican Congressmen on the Medicare drug benefit. They are the big winners in the GOP giveaway, and America’s seniors are the losers, as are future generations of Americans who will have to foot the bill for the GOP’s fiscal madness and thievery.
- The bewildering Medicare D Prescription Drug Plan dumped on America’s seniors in 2005 appears intended to confuse and “torture” them, while pumping huge profits to dozens of GOP corporate donors and creating a wonderful environment for scams. The pro-Big Pharma, anti-seniors hodgepodge plan is yet another example of the GOP’s duplicity and incom-

petence. Any middle- or low-income senior who votes for the Cons might just as well pray for cancer.

- The Republican welfare legislation for Big Pharma also prohibits the purchase and reimportation of lower-priced prescription drugs from Canada—drugs that were manufactured in the United States. This is another Bush poke-in-the-eye for American consumers, especially the elderly who need more prescriptions, and it is designed to reward Bush's donor base. See the following sidebar for how some states are responding.

### **SIDEBAR: Reimportation of Drugs from Canada**

Prescription drugs in America have become so unaffordable for many middle- and lower-income consumers, especially seniors who require more drugs, that many consumers are trying to buy their drugs from Canada via the Internet, notwithstanding an FDA prohibition on reimportation of drugs manufactured in the United States.

Consumers should demand answers from their congressmen to a broader question: How can prescription drugs that are manufactured in the United States and then shipped to Canada be so much cheaper than the same drugs sold in the United States? The shipping to and from Canada, together with the costs and profits of the additional middlemen, should make it *more* expensive for Americans to buy these drugs from Canada. Yet the drugs purchased from Canada and shipped back to the United States are frequently 50% less expensive than the same drugs purchased in the United States.

Several states tried to take action to allow their citizens to purchase FDA-approved drugs from Canada and elsewhere and have them shipped (“reimported”) to the United States. These states include Minnesota, Wisconsin, California, North Dakota, Louisiana, Massachusetts, Illinois, Maine and New Hampshire. In February 2005 a group of senators led by Olympia Snowe (R-ME) and Byron Dorgan (D-ND) introduced S. 334, which would allow Americans to purchase FDA-approved medications from other countries, prevent drug companies from interfering with these purchases, and ensure drug safety. The co-sponsors of this Senate bill included 21 Democrats and 7 Republicans. The reimportation of FDA-approved drugs has broad bipartisan support among the American people.

However, the Big Pharma-friendly Bush administration and the GOP congressional leadership opposed these efforts, favoring price fixing over the free market. Even the so-called “free trade” agreement with Australia, which became effective January 1, 2005, prohibits the reimportation of drugs from that country. Of course, Big Pharma has given enormous sums of money, as well as countless junkets and other perks, to GOP candidates.

The pharmaceutical industry is attacking these efforts in numerous ways, including lobbying Congress and the FDA to stop the reimportation of drugs, restricting drug sales to Canadian pharmacies, and suing Canadian companies. Also, the industry claims there are consumer safety issues, which is a disingenuous argument since Canadian pharmacies work under drug quality and safety control laws similar to those in the United States. Also, the drugs in question are manufactured in the United States.

- Many traditional Republicans, even rightwing Republicans, feel betrayed by Bush and the modern GOP, the Cons. These include Bruce Bartlett, former member of the Reagan White House and author of the 2006 book, *Imposter: How George W. Bush Bankrupted America and Betrayed the Reagan Legacy*. Regarding Medicare, the traditional GOP perspective was that Medicare was too big and too expensive, and needed reform. But the GOP, with control of all branches of the federal government, didn't reform or improve anything. The Cons added about \$18 trillion in *new* benefits and greatly increased Medicare's *unfunded* liabilities, while making Medicare operations less efficient. Traditional Republicans once again were betrayed by their own party.

The pork barrel Medicare legislation pushed through by the Republican Party—the Cons—has numerous other major problems that are beyond the scope of this book. It is worth noting, however, that the largest organization representing retired Americans—the supposedly “nonprofit” AARP—was an accomplice of Big Pharma and rightwing Republicans during the legislative process (although the AARP later regretted its actions.) See the following sidebar.

#### **SIDEBAR: AARP Sellout**

Millions of members of AARP (formerly the American Association of Retired Persons) were outraged by AARP's role in the passage of the pork barrel Medicare legislation pushed through by the Republican Party. The central problem is that AARP has many conflicts of interests that adversely affect its representation, or pretended representation, of 35 million retired Americans. The conflicts would not exist if AARP's only source of revenue were its membership dues. Unfortunately, AARP receives much more revenue from other sources than from membership dues. These other revenues include royalties for insurance that is marketed under the AARP name, payments from the sale of its membership lists to insurance companies, and millions in advertising revenue from drug and insurance companies that advertise in AARP's magazine. AARP also stood to gain much from the Medicare legislation, especially in the sale of so-called *Medigap* insurance, which pays costs not covered by Medicare. Greed triumphed over the best interests of AARP members.



AARP later expressed regret for its actions. Nevertheless, AARP members should consider leaving AARP and joining or creating a membership organization that truly represents them, an organization without inherent conflicts of interest, an organization with the backbone to stand up to GOP politicians.

Although consumers should continue fighting for the right to buy drugs outside the United States, this should be viewed as a short-term fix. A better solution is to make sure that drug prices in the United States are fair, and that pharmaceutical companies cannot sell drugs in the United States at prices higher than what they charge outside the United States.

In addition, drug costs are only a small portion of the total cost of health care. More urgently needed is political action by millions of average consumers to help reform the entire health care industry. This industry is dominated by huge corporations and other for-profit entities that use an army of lobbyists and lots of campaign cash to kill unfriendly legislation and push their preferred legislation through a for-sale Congress. Especially pliable is the Republican right that is heavily biased by its “of the rich, by the rich, and for the rich” DNA. Most industry legislation slides through without notice, but on rare occasions American voters learn about something that is so outrageous that they decide to get involved. This happened with drug prices and reimportation, but the wave of protest was still not strong enough to cause change. Time will tell whether consumers have enough staying power to eventually reform and fix the system.

## Health Care and Health Insurance

The number of Americans with no health insurance has risen steadily and relentlessly during every year of Bush's and the GOP's war on middle- and lower-income Americans. The number of uninsured Americans rose to 47.0 million in 2006, an increase of 7.2 million over the 39.8 million uninsured in 2001. The percentage of Americans uncovered also grew every year during Bush's reign—from 14.1% in 2001 to 15.8% in 2006.

During the same five-year period—2001 to 2006—the percentage of Americans covered by employer-based insurance plans dropped steadily every year, from 63.2% in 2001 to 59.7% in 2006. Most of those still receiving benefits were forced to shoulder an increasing portion of the load, thanks to benefit cuts and higher co-pays and deductibles. Millions of Americans with employer plans now pay more money for less coverage.

The United States is the *only* nation among the top 25 industrialized nations that does not provide health coverage for all its citizens. At the same time, America spends much more per capita on health care costs, almost 2.4 times the average of other industrialized nations (\$5,267 per capita annually, versus \$2,193.) Although paying much more, Americans get much less than their foreign counterparts and are unhappier with their system. Compared to the Western average, Americans go to the doctor and the hospital less frequently, and have a shorter life expectancy. The same

immoral story applies to America's children, who have lower vaccination rates and higher infant-mortality rates.

The privately run and milked U.S. health care system is incredibly inefficient, heavily burdened with paperwork and confusing procedures, and structured to provide maximum returns for shareholders and wealthy industry executives who are not caregivers (doctors, nurses and so forth.) America's private system is far too decentralized, has too many layers of administration and paperwork, and is operated in large part so as to deny and delay coverage, thereby increasing profits, while passing around like "hot potatoes" those individuals most needing medical care. As a result, America spends more than \$1,000 annually per capita—almost \$400 billion annually—on administration and paperwork, while Canada, for example, spends less than one-third this amount on a per capita basis.

Why is America's health care system so wasteful? It is wasteful precisely because it is *private*. It is a private con game run by and for huge corporate interests, which—in a surprising coincidence—lavishly donate principally to the GOP. For these corporate con artists, "primary care" and "compassionate care" refer not to human patients, but to the con artists themselves and to their incestuous crony relationship with America's for-sale government.

The health insurance companies and other large corporate interests that are at the heart of America's health care system do not actually provide *health care*. In fact, they make more profit when they *deny* health care to patients.

Rather than providing health care, America's private health insurance companies spend billions each year on advertising and gaming the system for their own advantage. Their key "added value" is to create bureaucratic red tape and other obstacles for patients and the actual caregivers—doctors, nurses and other staff—who are forced to waste enormous time and money coping with the bureaucratic obstacles and the paperwork of hundreds of different billing and reimbursement systems.

Along the way, health insurance companies have enjoyed record profits, and their CEOs and other senior executives pocket exorbitant compensation. According to *Forbes* magazine, William McGuire, the CEO of UnitedHealth Group, received compensation totaling \$124.8 million in 2005. UnitedHealth is the nation's leading insurer, and McGuire was number three on *Forbes'* list of highest-paid CEOs. Critics noted that his compensation of \$124.8 million in 2005 could cover the average health insurance premiums of more than 33,000 Americans.

Incidentally, McGuire retired under pressure in October 2006 due to a pay and stock options scandal affecting UnitedHealth and dozens of other large U.S. companies. An investigation determined that McGuire's options to purchase 1.5 million shares had probably been "backdated" to increase their value. His stock option package has been reported to be worth \$1.6 billion (imagine 1,600 piles of \$1 million each.) This is literally many *thousands* of times what is paid to the most highly compensated executive in the U.S. Department of Veterans Affairs, which is run much more efficiently and fairly than America's private health care system.

The additional reported amount of \$1.6 billion in stock options for McGuire could have paid the health insurance premiums for an entire year for 422,400 Americans, or it could have paid for health insurance for *all* uninsured Americans in *several* of America's least populous states.

The large majority (74%) of those without insurance coverage are in working families. There are more than 8.5 million American children (more than 11% of America's children) without coverage, and 65% of those are in families where one parent works full time.

Hispanics are least likely to have health insurance. During the three-year period from 2002 to 2004, an average of more than 32% of Hispanics were not covered.

Young adults in America constitute the age group least likely to have health insurance. As of 2004, more than 31% of young adults (18-24 years old) were not covered.

The percentage of middle-class workers without insurance coverage has risen enormously. Among American workers ages 25-34 who earn the median income or more, the uninsured rate is 26%, double what it was in 1979. As for middle-income workers ages 35-44 earning at least the median income, the rate almost doubled, standing at 19%.

The number one cause of personal bankruptcy in America is unpaid health care bills.

Health insurance premiums for businesses, especially small businesses, have risen enormously, to the disadvantage of both small employers and their employees. In the five-year period ending in 2004, annual inflation averaged 2.5% while health insurance premiums for small businesses jumped about 15% annually.

American workers planning to retire in the next several years are likely to be severely affected by a disturbing trend regarding health care benefits for retirees. A study released in January 2004 showed that in 2003 alone 10% of larger U.S. companies (those with 1,000 or more employees) *eliminated* health care benefits for *future* retirees. An additional 20% of the large companies surveyed said they were likely to eliminate such benefits within four years.

The health care delivery system in America has not been designed for the bottom 95% of America's patients and is desperately in need of overhaul.

Although the purpose of this book is not to propose a solution to America's health care crisis, one fact is clear—the leadership of the Republican Party *wants* tens of millions of Americans to be without health coverage, and it works relentlessly and successfully to increase that number every day. Although one reason for the GOP's opposition to universal coverage is legitimate ideology relating to goals such as self reliance, the main reason for the opposition is that scores of huge corporations—which contribute to both major parties but predominantly to the GOP—stand to lose hundreds of billions of dollars annually if the inefficiencies, political influence peddling, and public trough opportunities—including “perfectly legal” price fixing—are eliminated.

Even though America's health care system needs major surgery, it is the kiss of death for any political leader to push reform because the corporate and political forces on the right have demonstrated their ability to kill the messenger and sidetrack any serious policy debate on the merits.

A second central fact is that America can and must massively improve its health care system. Studies indicate that more than \$250 billion annually could be saved in reduced paperwork alone under a system of national health care financed by the federal government, in place of the current one run by private insurance companies.

Americans need health care—not health insurance companies.

One excellent solution is universal coverage with a single payer, based on individual choice and modeled after America’s efficient public Medicare system—just eliminate Medicare’s age requirement and give each American the right to choose Medicare or not.

In any case, it is criminal for Congress and the American people not to have this debate. One feature deserving more consideration is a value-added tax (VAT) to provide partial funding for universal health coverage. Although a VAT tends to be regressive, it would significantly reduce the competitive disadvantage faced by U.S. businesses that now pay employee health coverage costs when their foreign competitors do not. Another advantage is that everyone would pay into the system as they purchase American goods and services. This would include millions of illegal aliens, as well as foreigners legally visiting the United States—just as Americans visiting Europe help pay for European health care costs when they pay a VAT in Europe.

## Slamming Education—Leave No Rich Child Behind

### SIDEBAR: Bush Discusses Children and Learning

*“Rarely is the question asked: Is our children learning?”*

—George W. Bush, Jan. 11, 2000.

In his proposed budget for 2005, which is typical of all his budgets, Bush wanted to kill 65 federal programs, more than half of which relate to education. The total projected savings from killing the 65 programs was under \$5 billion, a significant sum but only one percent of the projected budget deficit, and about equal to what the United States spends in Iraq in only two weeks. The cuts, which would affect many children, are microscopic when compared to the GOP’s tax cuts for the Super Rich.

Bush’s real education motto is “No *Rich* Child Left Behind.” Because this motto has always worked well for Bush and other members of his family, he must think it makes sense as an educational policy for all.

### SIDEBAR: Bush Discusses Children and Illiteracy

*“[T]he illiteracy level of our children are appalling.”*

—George W. Bush, Jan. 23, 2004.

In February 2004 the Utah House of Representatives, which is dominated by Republicans, defiantly expressed its frustration with the No Child Left Behind federal education program by voting to prohibit Utah’s education authorities from using any

local money to comply with the federal law. The Utah lawmakers said the federal legislation invades the state’s right to run its own education programs, and costs a lot more money than the federal government provides. The Bush administration has become increasingly more intrusive in dictating costly requirements to state and local governments without adequately funding the associated costs.

#### **SIDEBAR: Bush Discusses Childrens and Learning**

*“[C]hildrens do learn when standards are high and results are measured.”*  
—George W. Bush, Sept. 26, 2007.

Many other states have voiced similar objections. In January 2004 the GOP-controlled Virginia House of Delegates adopted a resolution, 98 to 1, to ask Congress to exempt Virginia from the federal law. The resolution said No Child Left Behind presented the “most sweeping intrusions into state and local control of education in the history of the United States.” The chairman of Virginia’s House Education Committee said the law was “utopian nonsense.” The 700-page federal law has strong bipartisan opposition and is unpopular among both local educators and voters.

During Bush’s tenure, the cost of attending college greatly outpaced the rate of inflation. Nevertheless, Bush in his 2005 budget proposed cutting federal assistance for needy college students by \$550 million, and he also jacked up the interest rates paid by college students on their loans. Our “education” president is certainly “schooling” young Americans and their families in the realities of rightwing politics.

### **Bush League Unemployment—in Iraq and America**

A major contributing factor to the failure in Iraq was the inability of the Bush administration to create jobs in Iraq following the initial military successes. America’s troops did their job superbly, but their civilian commander in chief was AWOL—again. The most casual observer would have known that Iraqis, like Americans, need and want jobs in order to support their families. America had a tremendous unprecedented opportunity to show Iraqis and the world that freedom and progressive capitalism could improve their lives.

Unfortunately, Bush and his neocons—without an ounce of working class DNA among them—made the decisions. With neither a plan nor the desire to help the Iraqi masses, they focused instead on making Iraq profitable for American contractors, a dubious mission at best, which they botched with tragic consequences. Their misguided malignant focus cost the support and goodwill of the Iraqi people, and, ironically, in the process Iraq became much more dangerous for American contractors.

The Bush regime has little empathy for people who must work to survive. Bush personally has more in common with Saudi princes and the world’s Super Rich than he does with America’s working class.

Consider Bush's "plan" regarding the hundreds of thousands of Iraqi military and police forces living and working in Iraq at the time of the invasion. Here, in effect, are Bush's communications to the Iraqi armed forces:

- 1) "Trust me and America. We are on your side against Saddam. Please do not resist our invasion. We are going to build a new Iraq together." (By and large, Iraq's armed forces happily did as requested. Their hopes were high.)
- 2) "You're fired. We terminated your salary and your dignity. You are worthless. Be a good capitalist and go find a way to support your family. Go away."
- 3) "Don't expect any social safety net—didn't you know we're busy destroying this very thing in America?"
- 4) "Iraq will have an enormous number of job openings for security forces and armed guards. However, we will fill these with foreign contractors because we don't trust you. We are telling you this so you wouldn't waste your time (and ours) completing job applications."
- 5) "We plan to pay foreign workers 10 or 20 times the market rate—many times the salary you would happily accept. For example, a non-Iraqi truck driver may make \$10,000 or more per month."
- 6) "Keep all your weapons, as you may need them later. Take whatever ammunition and explosives you wish. To help you, we have left unguarded hundreds of Iraqi weapons storage facilities."
- 7) "See you later!"

This is Bush's *Bring-em-On* Plan. Bin Laden could not have devised a plan more harmful to Iraqis and America's troops. Yet none call it treason.

But let's be fair to Bush. Since Bush can't create good jobs in the United States, how could he be expected to create jobs in Iraq?

When it comes to job creation, Bush is in the same Bush League as his father, who also had a dismal record. In responding to Bush's 2004 State of the Union speech, Al Franken noted that Bush and his father presided over a *net loss* of jobs during their combined seven years in office. This means that if "the Bushes had run this country from its very beginning to the current time, not one American would have ever worked. We'd be hunter-gatherers."<sup>102</sup>

You have to go back to Republican Herbert Hoover and the start of the GOP Great Depression of the 1930s to find a job creation—well, job destruction—record that bad. The American people back then had the wisdom to replace Republican Hoover with Democrat Franklin Roosevelt, who united the nation in its most troubled times, and worked for all Americans as he charted a better course, including putting Social Security in place for America's workers.

Herbert Hoover was well named. Like a Hoover vacuum cleaner, he sucked up and destroyed millions of American jobs. The Bushes are also well named. Millions of unemployed workers now are unsuccessfully *beating the bushes* to find good jobs, or even rotten jobs, or even two rotten jobs each.

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<sup>102</sup> During the first three years of Dubya, America lost about 2.2 million jobs.

**SIDEBAR: Bush and Work**

*“You work three jobs? ...Uniquely American, isn't it? I mean, that is fantastic that you're doing that. Get any sleep?”*

—George W. Bush talking with a divorced mother of three in Omaha, Nebraska, February 4, 2005

In Bush's America, three jobs are sometimes necessary to make ends meet. Of course, Bush himself never held even one regular workingperson's job.

In Bush's America, tens of millions of workers give an honest day's work for much less than an honest day's pay.

The message of Bush and the Cons to American workers and Iraqi workers is the same. You are *worthless*. In fairness, there are a few moderate Cons in Congress who are not quite this coldhearted. Many of these *compassionate* Cons view America's workers not as *worthless*, but just *worth less*, and this is why they voted to keep America's minimum wage frozen at \$5.15 per hour since 1997.

The freezing of the minimum wage by the Republican Party meant that during each and every year since 1997 the purchasing power of minimum wage workers declined, increasing poverty among the working poor. The purchasing power of the minimum wage declined by 20% from 1997 to 2006, to its lowest point in fifty years.

Increases in the minimum wage most help working women and other disadvantaged American workers. The Economic Policy Institute reported in 2006 that women constitute 59% of the American workers who would benefit from an increase of the minimum wage to \$7.25 by 2008. About 3.9 million parents with children under 18 would benefit from this change.

The GOP's decade-long screwing of America's working poor ended only in 2007, when the new Democrat-controlled Congress—in the face of GOP obstructionism and veto threats—managed to push through modest increases in the minimum wage.

Bush's “plan” to create jobs in America includes making permanent the GOP's tax cuts for the Super Rich. Perhaps he thinks the Super Rich will use the additional cash to retire, thereby freeing up jobs for regular working Americans. But most of the Super Rich don't have real jobs, and, in any case, the crony positions they open up by retiring aren't available to Joe and Judy Lunchpail.

As for dealing with the difficult issue of American jobs going overseas, Bush offers nothing, not even vague ideas. Somehow, good new American jobs, like Iraqi jobs, are supposed to magically appear. They don't. However, what *does* magically appear is more profit for large multi-national corporations and GOP contributors.

The shifting of the tax burden from the Super Rich to middle- and low-income working Americans—primarily through increased Social Security taxes and huge tax cuts for the Super Rich—increases the incentive for good American jobs to be shipped overseas. The greatly increased Social Security taxes disproportionately

make middle- and low-income jobs more costly to employers, thus increasing the cost savings and profits to be gained when employers ship jobs abroad. This added incentive would *not* exist if the Super Rich were still paying their fair share of taxes, and Joe and Judy Lunchpail were not subsidizing them through increased Social Security taxes.

Ross Perot referred accurately to the tremendous *sucking sound* caused by these jobs going offshore. Well, the GOP loves and promotes this sucking sound, and American middle class workers are the unfortunate suckees.

Bush's numerous predictions about job creation have been very inaccurate. He lied. Monkeys randomly picking numbers would have done better.

- 2002: The Bush administration predicted that 100,000 jobs would be lost. The United States actually lost 1,450,000 jobs!
- 2003: The Bush administration predicted a *gain* of 1.7 million jobs. The United States actually *lost* 440,000 jobs. That's a swing of 2,140,000 jobs in just one year.
- 2004: Early in this election year the Bush administration predicted that 2.6 million new American jobs would be created during the year, a view much too rosy for most economists, even given the turnaround in the economy. To reach this 2.6 million figure, Bush would have needed the job creation abilities of Bill Clinton.
- After 2004: The presidential election was over, and the Bush regime stopped giving rosy estimates from Bush's alternate universe. Through the first six years of Bush's presidency, the total number of jobs created was dismally low compared to the six-year figures for other presidencies. The six-year figure for Bush was only 3.6 million jobs created, versus almost 18 million jobs for Clinton.

When it comes to wages and jobs, Bush is our *American Idle*. Bush's DNA and privileged rich-boy upbringing make it impossible for him to empathize with anyone other than the Super Rich. One result is a growing divide in Bush's and the GOP's *two Americas*—something in which he must take great pride.

Bush simply has no frame of reference, no empathy really, for average working Americans or Iraqis who are unemployed or just scrape by from payday to payday, where the loss of a job is catastrophic. Clueless Bush must be thinking, "Why don't they just get a bunch of money from their daddy or out of their trust accounts? Why don't they just get some crony dough from their public trough cronies?"

To make matters worse, the jobs created during Bush's presidency are not as good on average as the jobs lost. They don't pay as well, and the medical insurance coverage is not as good, if there is any coverage at all.

Many of the new jobs are at Wal-Mart, that wonderful profit-generator and advocate of low prices, crummy wages, and rotten benefits. Wal-Mart rabidly opposes any increase in the minimum wage. By way of comparison, Costco's *lowest* wage is higher than Wal-Mart's *average* wage.

Wal-Mart also features discriminatory personnel policies, especially policies that discriminate against women. Many of its workers qualify for food stamps and cannot afford to pay for the company's skimpy medical plan. It hires illegal aliens to save



money. It abhors unions, has none, and will spend any amount and do anything to keep them out.

During the three-year period ending January 31, 2004—the first three years of Bush's administration—Wal-Mart increased its U.S. employment from 962,000 to 1.2 million, for a total increase of 238,000. This means that if Wal-Mart's employment had remained unchanged during this period, the total U.S. job losses would have been greater by 238,000. However you look at it, a lot of great jobs were replaced by crappy Wal-Mart jobs. Unfortunately, this trend is continuing as Wal-Mart expands its empire. Also, Wal-Mart is a major reason why so many U.S. manufacturing jobs have been exported, since it strong arms its vendors to manufacture overseas.

The employee turnover rate at Wal-Mart is an incredible 44% per year. If Wal-Mart did not grow at all, it would still have to hire about 600,000 employees annually to replace all the ones who quit or are fired.

A Wal-Mart memo leaked in 2005 showed that the company wanted to reduce the percentage of its workforce who are full-time employees from 40% to 20%, the reason being that benefits and wages were rising too fast. Paul Krugman of *The New York Times* sums it up: "The problem from the company's point of view is that its workers are too loyal. It wants cheap labor that doesn't hang around too long. But not enough workers quit before acquiring the right to higher wages and benefits."

Workers who shop at Wal-Mart are like prisoners who help construct their own gallows.

Wal-Mart is an ideological campaign contributor, with a huge majority of its contributions going to the Con Party. Yes, "W" stands for "Wal-Mart," and "Wal-Martization of America."

Wal-Mart has been a fabulously successful company for its shareholders. The 2003 *Forbes 400 Richest Americans* list showed five Waltons occupying the spots from 4 through 8, each with a fortune of \$20.5 billion. (Helen Walton, S. Robson Walton, John Walton, Jim Walton and Alice Walton were all tied for fourth place.) Much has been written about Sam Walton's tax avoidance successes. Son John died in 2005 at age 58 in a private plane crash and was a director of Wal-Mart until his death.

From day one in his administration, Bush focused first on helping the most needy in America—the Super Rich—and he successfully pushed through his \$1.6 trillion tax cut, of which more than half went to the top 1%. In order to sell the tax giveaways, Bush said that the cuts would create 800,000 new jobs. Boy, that sounded good. It is nice to know you have a president who cares about the little people. But wait—there are a couple of problems here.

- First, let's do the math, pretending for the moment that we believed Bush's line about jobs created. It's a \$1.6 trillion tax cut for 800,000 new jobs—that's \$2,000,000 in tax incentives for *each* new job created! (You really have to do the math a couple of times before you believe the answer. Bush apparently counts on his supporters not being able to divide two large numbers each having lots of zeros.) Well, this is Bush's Con administration in a nutshell. Give the money to the Super Rich, and some of it might trickle

down as the Super Rich hire more gardeners, security guards, tax attorneys, and lobbyists. But it doesn't work.

- Second, but wait—even though \$2,000,000 for *each* of those new jobs was given to the Super Rich, America didn't actually gain those 800,000 jobs. In fact, it didn't gain a single job, not one! America actually *lost* 2,600,000 jobs. Shouldn't we get our money back from the Super Rich? Yes, plus lots more.

The average American worker makes less than \$50,000 per year. What rational person would even think of giving \$2,000,000 in tax incentives to create one new job? It would have made more sense to use the money to directly hire the workers America needs, including police, firefighters, national guardsmen, soldiers, medical care workers and teachers. Rather than giving a check for \$2,000,000 to one of the Super Rich in the hope that he would somehow create one new job, the \$2,000,000 could have been used to pay the annual salary of 40 such workers.

Spending the money directly on salaries for workers has other advantages.

- First, these workers pay taxes on the salaries received, which directly reduces the budget deficit. This is not the case with the tax-giveaways for the Super Rich, who pay *no* taxes on their gifts from Uncle Sam. And who really knows what the Republican Super Rich do with their elephant's share. Paris anyone?
- Second, spending the money directly on salaries for workers favors *work* over the *idleness* of the Super Rich, who don't have to do any extra work for their cut, or any work at all.
- Third, spending the money directly for new jobs reduces unemployment compensation payments.
- Fourth, WWJD?<sup>103</sup> Jesus would say, "Yes, hire my working folk at \$50,000 per job. But, Good God, don't give \$2,000,000 to a Pharisee as an incentive to *non-create* one new job!"

Think of the many services that have been cut under Bush's watch so that he and his GOP could give humungous tax cuts to the Super Rich. All of the tax cuts for the Super Rich must be reversed, and their tax rates must be returned to what they were in the early 1980s or even earlier.

## Poverty in America

### SIDEBAR: Bush Knows Poor People

*"First, let me make it very clear, poor people aren't necessarily killers. Just because you happen to be not rich doesn't mean you're willing to kill."*

—George W. Bush, May 19, 2003

<sup>103</sup> WWJD?: "What Would Jesus Do?"

The poverty rate in America rose dramatically during Bush's watch, reaching 12.6% by 2006, according to the Census Bureau. In 2005, 37 million Americans were living below the poverty level. The GOP's global war on the poor is working, especially on America's working poor.

The "poorest of the poor" have done even worse. In 2005, 43% of Americans in poverty were living below *one-half* the poverty line that year (\$8,045 for a family of three), which was the highest percentage for extreme-poverty Americans since the federal government began tracking this data in 1975.

The last *decline* in poverty was in 2000 during Clinton's presidency, when 31.1 million people (11.3 %) lived under the poverty threshold. This means that an additional 5.9 million Americans fell below the poverty threshold during just the first five years of Bush's regime.

During the Clinton administration, the poverty rate dropped from a high of slightly more than 15% in 1993 to 11.3% in 2000.

Children and women have been among the hardest hit during Bush's watch. About 13 million American children live in poverty, and their poverty rate increased more than 17% under Bush.

Contrary to Republican propaganda, America's enemy is not the poorest 10% of its citizens. Although the Republican Party makes war on the poor, the disabled and the defenseless—most of whom are children and all of whom are portrayed as leeches—the real battle is between the top 1% of our population and everyone else. In Bush's America, the top 1% has won, and the bottom 99% has lost. Rightwing Republicans accomplished this by focusing America's rage on America's poorest, who are easy voiceless targets of the vicious right.

Bush and the Cons do believe whole-heartedly in welfare, but only welfare for the Super Rich, Big Business, and their Crooked Cronies. They care not for the welfare of the least of Christ's people. Yes, "W" stands for "welfare for the wealthy and wicked."

Perhaps you've heard a wealthy Republican congressman "explain" why Congress was justified in automatically giving itself frequent generous increases in salary and benefits at the same time it refused to increase the minimum wage for America's workers. "I challenge anyone to live on my salary," declared former GOP House majority leader Tom DeLay from Texas, whose annual base salary alone was then more than \$167,000, and only God knows what his special perks and under-the-table "benefits" were worth. We challenge DeLay and other congressmen who voted against increasing the minimum wage to live on \$5.15 per hour.

Jesus was a Robin Hood, but Bush and the Cons are Robbing Hoods.

The Bush administration's addiction to lying rather than dealing with facts is a principal reason its credibility is shattered both at home and abroad. After a Camp David meeting with his economic advisors in August 2006, Bush summarized the situation, "Things are good for American workers." In an editorial, *The New York Times* replied, "The comment is preposterous."<sup>104</sup>

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<sup>104</sup> *New York Times* editorial, August 29, 2006.

Bush also asserted, “solid economic growth is creating real benefits for American workers and families.” In a Labor Day 2006 editorial, *The Washington Post* replied, “This assertion was false. Mr. Bush should use this Labor Day to rethink his rhetoric and adjust his policies.” *The Washington Post* editorial dated September 4, 2006, was entitled, “Mr. Bush and Labor Day— Workers aren’t benefiting from growth.”

A Census Bureau report released that month (August 2006) regarding workers income in 2005 did at first glance have one piece of data that appeared to be positive for America’s workers, and this tidbit was seized upon by rightwing shills who wanted to paint a rosy picture. The particular piece of data was that median household income had risen 1.1% to \$46,326 from the prior year, the first increase since 1999. Unfortunately, even this piece of “good news” was bad news for America’s workers, as 100% of the gain was among the retired (23 million households headed by someone age 65 or older.) The median household income for the rest of working America—93 million households—actually *fell* by 0.5% from the previous year.

In addition, the small uptick in household income in 2005—the so-called “good news”—was not due to higher wages—in fact, wages had decreased, and family members were taking additional jobs to make ends meet. More telling, the \$46,326 in median household income in 2005 was about 5.7% *less* than the 2000 amount (\$49,133.)

The heralded Census Bureau report in fact was additional evidence that the economic benefits of America’s latest growth cycle, which began near the end of 2001, were going almost exclusively to America’s big businesses, with virtually nothing going to America’s workers and small business enterprises. *The Washington Post* in its editorial noted, “Between 2001 and 2005 the income of the typical, or median, household actually *fell* by 0.5 percent after accounting for inflation, even as workers’ productivity *grew* by 14 percent.” Full-time workingmen and workingwomen under 65 experienced another drop in wages and salaries during the year. The median hourly wage for American workers declined 2% from 2003 to 2005, taking inflation into account, with workers also paying more for benefits. America’s workers are working smarter and harder, but all the productivity gains accrue to big business and senior executives.

While corporate profits have climbed to their highest share of America’s economy in several decades, the portion going to wages and salaries is at its lowest point ever. (The U.S. government began keeping these records in 1947.) The portion going to wages and salaries equaled 45% of GDP (gross domestic product) in the first quarter of 2006, an enormous drop from its almost 50% share in the first quarter of 2001, which was the start of Bush’s watch. The principal factor for increasing corporate profits is the American workers’ declining share of the economy. W’s worker whacking is working. Yes, “W” also stands for “worker whacking.”

To make matters worse, the above figures for wages and salaries *include* the compensation packages for America’s most highly paid executives, many of whom have gorged themselves at the expense of Joe and Judy Lunchpail.

In January 2006 David Cay Johnston reported<sup>105</sup> on new U.S. government data indicating that “the concentration of corporate wealth among the highest-income Americans grew significantly in 2003, as a trend that began in 1991 accelerated in the first year that President Bush and Congress cut taxes on capital.” According to an analysis by the Congressional Budget Office of the latest economic data:

- In 2003 the top 1% of American households owned 57.5% of corporate wealth, up from 53.4% the year before.
- In 1991, the top 1% owned “only” 38.7%.
- For every group in the bottom 99%, the percentage of corporate wealth has decreased since 1991.
- The bottom 20% of households—America’s poorest—dropped by 57% to only 0.6% of corporate wealth in 2003, down from 1.4% in 1991.
- In other words, the top 1% increased their share by 4.1 percentage points (from 53.4% to 57.5%), which increase in share (*just the 4.1 points*) is 6.8 times the total corporate wealth of the bottom 20%.
- In 2003, the incomes of the top 1% ranged from \$237,000 to several billion dollars. The average income of the bottom 20% was less than \$16,300 that year.

Such dramatic changes in the distribution of wealth and income in America—a destabilizing tsunami—are not the God-given result of a free enterprise system, but primarily result from government policies that are *of, by and for* the powerful and Super Rich. The GOP supports not a free enterprise system, but rather a “freebie enterprise system” rigged for the chosen few.

The economic expansion that started in 2001 is the first expansion since World War II that failed to significantly increase wages for America’s workers. In the past, the cliché has been that a rising tide lifts all boats. However, the Cons have been running America to ensure that only the yachts of the Super Rich are lifted.

#### **SIDEBAR: Welfare Reform**

2006 was the tenth anniversary of the signing by Bill Clinton of historic welfare reform legislation known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Clinton had promised the nation in 1992 to “end welfare as we know it.”<sup>106</sup> Clinton continued, “We will say to those on welfare: You will have and you deserve the opportunity through training and education, through child care and medical coverage, to liberate yourself. But then, when you can, you must work, because welfare should be a second chance, not a way of life.”

<sup>105</sup> “Corporate Wealth Share Rises for Top-Income Americans,” *New York Times*, January 29, 2006.

<sup>106</sup> This is from Clinton’s “Our New Covenant” address of July 16, 1992, at the Democratic National Convention in New York City, during which he accepted his party’s presidential nomination. He repeated the promise in later State of the Union addresses.

The 1996 welfare reform legislation included work rules and set an outer five-year limit on how long an individual could receive welfare. Clinton showed his backbone by signing the reform legislation even though he was criticized for the compromises he made with the GOP-controlled Congress.

There were two sides to the legislation. On one side of the bargain, Americans receiving welfare had to commit to work if they could, and to diligently pursue educational and training programs designed to help them achieve gainful employment. On the other side of the bargain, the government agreed to provide programs to improve the environment and opportunity for employment. This proactive government involvement included:

- a higher minimum wage;
- increased aid for child care;
- a block grant program for states administering the program;
- health care coverage for children in low-income families;
- an expansion in the earned income tax credit designed to reward work over welfare; and
- various other pro-work policies.

What happened? Notwithstanding some criticism, Clinton's welfare reform legislation is widely viewed as successful, at least during the years of his administration. Welfare rolls decreased by more than 50%. Poverty rates among children, especially black children, dropped dramatically. Employment rates for single mothers rose.

During Bush's reign, however, the progress slowed and then reversed, thanks to GOP policies that favor the Super Rich at the expense of the poor. The GOP cut budgets for the welfare-to-work programs and froze the minimum wage at its 1997 level, \$5.15 per hour. Since 2000, child poverty rates increased, and the employment rate for single mothers decreased. In the GOP's America, it is more important that multi-millionaires get additional millions than it is to help a hungry child get that next meal.

Much needs to be done to ensure the reforms remain successful, and to undo the damage inflicted by the GOP. Government involvement was a key part of the success, and government must stay engaged. It is this government involvement—one half of the bargain—that the GOP crippled during Bush's regime. Without substantial continued governmental involvement, millions of working poor will be permanently trapped in poverty, with a growing portion of them in extreme poverty.

On February 6, 2006, Bush signed the cleverly named Deficit Reduction Act of 2005, which reduced support for America's poor and maintained welfare for America's wealthy. As for America's poor, the legislation reauthorized for another five years the welfare reform begun in 1996, which Bush said, "has proved a tremendous success over the past decade." He read these remarks in a signing ceremony before a group of rightwing supporters, including many from the Religious Right, who were pleased with the additional federal funds that would be funneled through faith-based organizations (i.e., rightwing churches and groups that pass the GOP's religious filter.) Under a new rightwing policy euphemistically called "charitable choice," religious groups receiving these federal funds can discriminate in hiring.

In an article published September 14, 2006, in the *Salt Lake Tribune*, Michael Leavitt, Bush's Secretary of the U.S. Department of Health and Human Services, also praised the welfare reform, declaring that it "had been an unqualified success." However, Leavitt failed to address the Bush regime's renegeing and underfunding regarding this program to move Americans from welfare to work. He made no mention of the minimum wage or GOP budget cuts in effective programs that were helping America's working poor. In Leavitt's words, the only actions left were to "strengthen work requirements while putting a renewed focus on marriage." Truly incredible.

Leavitt then bragged about the \$750 million that the new legislation made available to faith-based organizations and other organizations for "healthy marriage projects" and "to promote responsible fatherhood." Further, he said this was being done "without increasing federal spending"—which, when translated into plain English, meant that the government funds diverted to rightwing Christian groups would be *taken* from effective welfare-to-work programs.

The GOP's war on America's working class is one war Bush and the GOP are winning. It is one more reason why Bush and his regime are so detested around the world.

In the next chapter we turn our attention to the GOP's bankruptcy of America.