

## CHAPTER 12

# The GOP's Bankruptcy of America

### *Living from Grandchild's Paycheck to Grandchild's Paycheck*

*A government, for protecting business only, is but a carcass, and soon falls by its own corruption and decay.*

—Amos Bronson Alcott (1799-1888)

*The Republican Party does not believe in living from paycheck to paycheck. It believes in living from grandchild's paycheck to grandchild's paycheck.*

—James A. Swanson

### **Financial Responsibility Does Matter, But You Won't Find It in the Republican Party**

#### **SIDEBAR: Definition of GOP Conservatives**

Conservatives *Con* you when it *Serves* their interests, which is all the time. They *Con* you in order to *Serve* the Super Rich and Big Business.

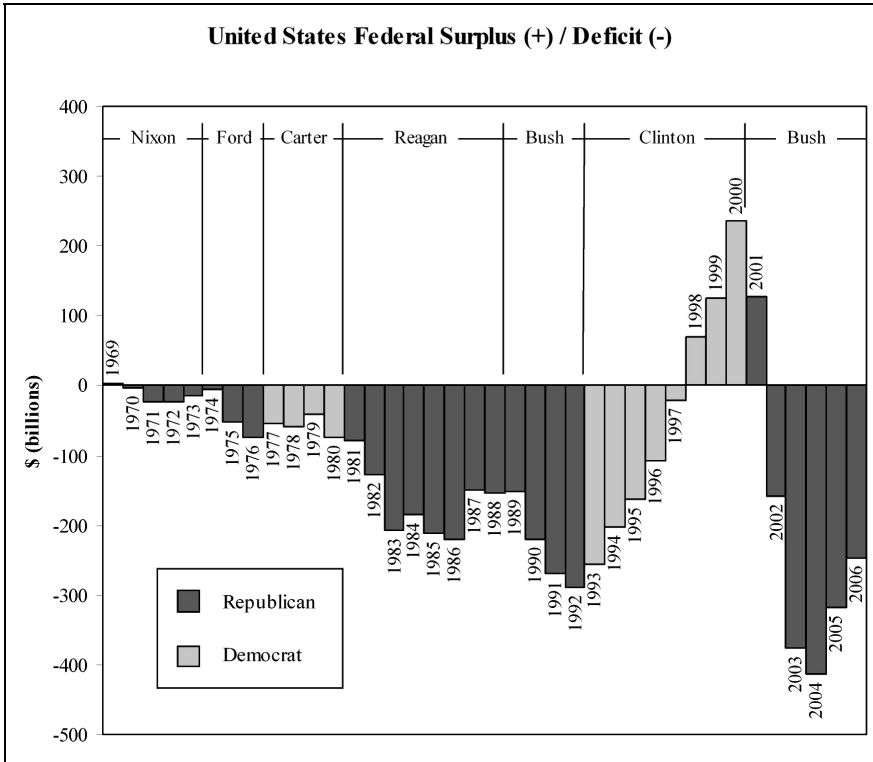
Over decades the political right worked hard to equate “conservative” with fiscal responsibility. The message has been repeated so often—like misleading commercials for cigarettes and alcohol—that even many liberals and progressives believe it. Virtually all of the media repeat it as a truism. If you believe “conservative” implies fiscal responsibility, you have been conned by the Cons.

Looking back at the last quarter century of American history, “conservative” has meant the exact opposite of fiscal responsibility. The Democratic Party has been and remains the party of fiscal responsibility. Over the last quarter century the Republican Party has gone on a spending rampage and, at the same time, slashed government income by giving massive tax cuts to the Super Rich. Bush has merely taken the Con insanity to dangerous new levels of madness.

The result has been record annual budget deficits and a rapidly escalating national debt. The massive Republican deficits and debts would have been much worse if there had not been a tremendous increase in the Social Security tax burden on working Americans, which as noted previously was not set aside in a trust fund but was used to fund the current operating expenses of the United States. The Super Rich take the money out the back door of the U.S. Treasury by the truckload, and middle- and lower-income Americans, like sheep, keep delivering it through the front door.

The perfect storm for this record fiscal irresponsibility was created when Republicans took control of the White House, the U.S. Senate, the U.S. House of Representatives and the Supreme Court. They took the keys to Fort Knox and America’s greenback printing press, gave the keys to the Super Rich and large corporations, and turned America into the world’s No. 1 Banana Republic. America’s *Banana Republican Party* had won.

Let’s take a look at the facts. The following chart shows the annual federal surplus/deficit numbers for the last 36 years, together with the name and political party of the president in charge.



**1969-73: RICHARD NIXON (Republican)—5 Years**

- Started with a small surplus and turned it into a large deficit.

- Set a new record for *total deficits* during his term in office, even though he left office early to avoid impeachment and removal from office.
- **GRADE: D**

**1974-76: GERALD FORD (Republican)—3 Years**

- Increased the deficit each year of his administration.
- During last two years, had the two largest deficits in history.
- **GRADE: F**

**1977-80: JIMMY CARTER (Democrat)—4 Years**

- The average deficit during his 4 years was less than the deficit he inherited.
- **GRADE: B**

**1981-88: RONALD REAGAN (Republican)—8 Years**

- Exploded the deficit to crippling levels.
- Gave humongous tax cuts and tax dodges to the Super Rich.
- Increased taxes on middle- and lower-income workers.
- Launched the GOP's 25-Year War on America's Middle Class.
- In 8 years, created the 8 biggest deficits in history.
- The father of *Voodoo Economics*.
- **GRADE: F**

**SIDEBAR: Reagan's Reckless Records**

As in the Olympics, record-setting performances in Washington deserve to be recognized. Therefore we pay tribute to Ronald Reagan and his place in the record books, as of the time he left the White House.

**American Presidents with the Worst Annual Deficits, as of 1988:**

|                     |               |      |
|---------------------|---------------|------|
| Worst Deficit Ever: | Ronald Reagan | 1986 |
| Second Worst:       | Ronald Reagan | 1985 |
| Third Worst:        | Ronald Reagan | 1983 |
| Fourth Worst:       | Ronald Reagan | 1984 |
| Fifth Worst:        | Ronald Reagan | 1988 |
| Sixth Worst:        | Ronald Reagan | 1987 |
| Seventh Worst:      | Ronald Reagan | 1982 |
| Eighth Worst:       | Ronald Reagan | 1981 |

Whew! Reagan must have been exhausted after single-handedly inflicting that much damage on America's *unborn* who will be stuck with the IOUs. Can you imagine the outrage of America's Big Media if Reagan had been a Democrat? What if Bill Clinton had given those eight years of *Reagan shafts* to America? One rumor<sup>107</sup> is that Kenneth Starr spent millions of taxpayer dollars investigating that very possibility—that Clinton somehow was responsible for the fiscal madness that occurred several years before his presidency when Reagan was “at the helm.” Or maybe it was Hillary.

Reagan was the godfather of *Voodoo Economics*, which put America in the financial toilet. In fairness, we should also credit the two later Republican American presidents—both financial numbskulls and both from Red Texas—who *broke* Reagan's records for the worst annual deficit and took *Voodoo Economics* to new Texas-style levels:

- 1) Bush the Father
- 2) Bush the Son
- 3) Let's pray they never have a dog or grandson named “Holy Ghost.”

#### **1989-92: GEORGE H. W. BUSH (Republican)—4 Years**

- Increased the deficits steadily during his term.
- In 1991, smashed Reagan's record deficit.
- In 1992, mightily smashed his own record deficit.
- **GRADE: F**

#### **1993-2000: BILL CLINTON (Democrat)—8 Years**

- Finally, after 12 years in the Land of the Cons, America had a president who told the fiscal truth, and walked it. Yes, a Democrat. Of course.
- Turned the *largest deficit* in history into the *largest surplus* in history.
- Greatly *decreased* the deficit (or *increased* the surplus he created) *every* year he was in office ... *8 years of improvement in a row*.
- **GRADE: A+**

#### **2001-07: GEORGE W. BUSH (Republican)—6 Years and counting**

- In just three years, turned the *largest federal surplus* in history (Clinton's surplus) into the *largest deficit* in history.
- His first six years were the *six worst* years in history in the *worsening* of the federal budget.
- Joined his father and Reagan in the Holy Triumvirate of Voodoo Economics. Praise the Lord!
- Achieved record federal spending each year while *never* vetoing a single spending bill.
- Inflicted great pain on the middle- and lower-income workers of America.

<sup>107</sup> Which I am starting by writing this.

- Gave *humongous tax breaks* to the Super Rich.
- Presided over the largest expansion of government pork and corruption in history.
- Protected America's fiscal position the same way he protected America on 9/11.
- **GRADE: F**
- **GRADE DESERVED: W**

In summary, the *only* period of financial responsibility since 1981 was when a Democrat was in charge.

Bill Clinton's eight years of Grade A financial responsibility—a noble patriotic effort—stemmed temporarily the catastrophic tidal wave of 18 years of GOP Grade F mismanagement and looting (under Reagan, Bush the Father, and Bush the Son).

Giving credit where credit is due, here are some additional facts about Clinton's Grade A management:

- Over eight years, with financial improvement each and every year, Clinton turned an annual budget *deficit* of \$290 billion into an annual budget *surplus* of \$127 billion, the largest ever.
- The turnaround to financial responsibility did not occur without straight talk and unpopular painful medicine. In his 1993 budget Clinton increased taxes and slashed expenses. He knew this medicine was necessary to reverse years of financial irresponsibility under the Republican Party, whose policies featured wasteful spending along with tax cuts and dodges for the Super Rich and GOP cronies.
- *Every* Republican member of Congress opposed Clinton's 1993 budget and the 1993 Debt Reduction Act. They claimed that Clinton's tough medicine would cause greater deficits and a recession, but they were wrong—again.
- Many Americans thought Clinton's 1993 budget should have contained more money for education and health care, but Clinton showed strong leadership in administering the needed but unpopular medicine. Clinton knew that deficits *do* matter, and he was concerned about the financial health of the country we would leave our children and grandchildren. The Republican Party was AWOL, basking in the glow of its ill-gotten loot.
- Clinton's financial stewardship had numerous other benefits, including: a big reduction in interest rates; the largest budget surplus ever; huge growth in excellent jobs; tremendous strength in the stock markets; strength and respect in the world; an America that believed in itself again; and an America that believed in helping its unborn, wanting to leave them—countless future generations of children—a valuable financial legacy, not an immoral IOU in the form of a cold GOP Banana.

Upon being appointed president in 2000, Bush immediately planted his “Of the Rich, By the Rich, and For the Rich” banner in the U.S. Treasury and stuck his greedy hands into the pockets of all middle- and lower-income Americans. This was his number one priority, ahead of national security and everything else. With incredible incompetence and Orwellian doublespeak, Bush recklessly reversed the eight years of fiscal responsibility under Clinton. If they were alive today, honest

conservatives such as Eisenhower and Goldwater would take Bush and his GOP out behind the woodshed for a thrashing.

Economists agree that the budget deficits and other huge GOP deficits discussed in this chapter cannot be sustained indefinitely. With the Republican Party in charge, it's not a question of "if" there will be a Financial Armageddon—a Big Bang, a Hell on Earth—it is only a question of "when" and "how."

The Super Rich do well financially no matter what happens, as will their offspring in perpetuity. So will the extended Bush family and its cronies. Unrestricted by national boundaries, they maintain extravagant life styles anywhere they wish, even as Social Security, Medicare and Medicaid are gutted.

Under Bush, the Super Rich pocketed hundreds of billions of dollars and will pocket *trillions* (that is, *millions of millions*) more over the next two decades if the Con Party's tax cuts for the Super Rich are made permanent.

Bush and the GOP Congress ransacked America's finances like thieves and drunken sailors. They eliminated checks and balances while they wrote unlimited checks and IOUs. The GOP Congress abdicated its constitutional duties by refusing to oversee and investigate financial malfeasance, fraud and waste in the executive branch, and it changed and gutted congressional ethics rules to protect its own "crooks within."

Until the 1980s *both* parties believed in fiscal responsibility and balanced budgets. They understood the unfairness of stealing from grandchildren and the unborn to fund current financial addictions. They knew America needed to be fiscally strong in order to be morally and militarily strong. But then Reagan and the *deficits-don't-matter* neo-GOP rode into town.

Even some Republican leaders said they were appalled by the pork barrel politics and fiscal irresponsibility of the GOP Congress and the Bush administration, but when the chips were down they did little about it. It is "so disgraceful," noted Senator John McCain, who said he had never seen it worse. "Republicans used to be for fiscal discipline," he commiserated. But, like other GOP leaders, Chameleon McCain likes to have it both ways, always *talking* the good talk about fiscal responsibility and other populist issues, but then *working* to get Bush reelected. When it comes to walking the talk, this self-proclaimed "straight talker" is a "crooked walker" who couldn't defend his own wife when she was slandered by Bush operatives in South Carolina's primary during the 2000 presidential campaign, but later genuflected shamelessly before Bush's most rightwing Christian supporters.

The American voter must also shoulder a big share of the blame for the horrible financial condition of America. The problem is that Americans vote for politicians who promise to: (1) *spend more* (on both good things and pork), and (2) *reduce income*, by cutting taxes. We know that "spend more, reduce income" economics does not work for our families, but we continue to vote for Alice in Wonderland charlatans—Bush League Republicans—who do exactly this to America. The most dishonest and dangerous among them assert that Reagan proved "deficits don't matter." Our children and grandchildren will painfully learn that *our* deficits do matter.

**SIDEBAR: A National Lottery for all Taxpayers, Not a Rigged System for the Super Rich.**

Bush's budget deficit for 2004 was \$413 billion, another new all-time record. The biggest cause of this disaster is Bush's tax cuts for the Super Rich. Rather than giving the money to the Super Rich each year—say \$300 billion of it—a fairer plan is a national lottery that each year randomly awards \$1 million each to 300,000 different taxpayers. This means that a new American millionaire would be created *every 105 seconds* throughout the year, every year, forever. This has many advantages over Bush's rigged lottery system for the Super Rich:

- The new lottery system would live up to America's democratic ideal of equal opportunity for all, as opposed to an aristocratic worldview that reserves opportunity for men of position and wealth.
- The new lottery would *reduce* the annual budget deficits because the recipients would pay income taxes on their winnings. In sharp contrast, the Super Rich pay zero taxes on their winnings under the rigged lottery that Bush and the GOP run for them.
- The winners of the new lottery would be more likely than the Super Rich to spend their winnings in America, thereby providing greater stimulus to the economy and creating more jobs.

In fiscal year 2005 the U.S. government had to spend \$352 billion of taxpayer money just on interest payments to the holders of America's national debt. This represented about 40% of all individual federal income taxes collected during the year. The interest paid ballooned to \$406 billion the following year (fiscal year 2006), and similar huge unsustainable increases can be expected until America falls off the GOP Debt cliff.

Bush disingenuously announced plans to slash his massive deficit in half within a few years, but even Republicans did not believe him. "The numbers simply do not add up," said the Republican chair of the House Appropriations Committee, Representative C.W. Bill Young (R-FL), in early 2004.

The GOP's fiscal policies and performance were so bad under Bush's watch that he finally stopped saying his policies would lead to balanced budgets.

Bush's White House sees no problem with lying and using creative accounting when it comes to the federal budget. For example, in January 2004 the White House said that in the prior fiscal year the *discretionary spending increase* was limited to 4%. However, as the rightwing *Wall Street Journal* pointed out, the White House excluded supplemental increases, and when those are counted, the increase is 15%, "the largest single-year increase in at least three decades."

The truth about the Bush administration's intentions—to enrich the Super Rich regardless of the consequences to America—is made abundantly clear in the bestseller, *The Price of Loyalty*, which is about Paul O'Neill's experiences as Treasury Secretary in the Bush administration. Unlike Reagan and his early *supply-side* econo-

mists—who were *true believers* but wrong—O’Neill saw Bush and his closest advisors for what they are—*political opportunists* with virtually no interest or skill in economics. When O’Neill pointed out his great concern that another big tax cut was moving America towards a fiscal crisis, Cheney infamously said, “Reagan proved deficits don’t matter ... We won the midterms. This is our due.” O’Neill was stunned; he couldn’t believe that Cheney would say such a thing. Let’s remember that O’Neill is a conservative, not some leftie opponent of Bush, and was handpicked by Bush to be his Treasury Secretary.

From the beginning of Reagan’s presidency and continuing through the Bush regime, the GOP worked relentlessly to create the Second Gilded Age in America, an era in which government power is used to promote the interests of corporations and the Super Rich at the expense of common men and women. During the Gilded Age (1872-1900), corporations assumed all the rights and privileges of American citizens, and more. The U.S. military was used imperialistically to promote corporate interests. Government and corporate corruption was widespread, and monopolies ruled America. The GOP wants to turn the clock back to 1900, killing America’s progress in human rights since then, and gutting Social Security, Medicare and other security programs for all Americans.

#### **SIDEBAR: The Same Answer Every Time**

“*Jesus said, ‘Feed my sheep.’*”<sup>108</sup> John 21:15-18. And Bush replied, “*How about feeding your sheep to my wolves?*”

On the first day of Algebra class the math students solved the first equation and found that  $X = 9$ . One student had trouble understanding the concept, and so he wrote “ $X = 9$ ” as the answer to every subsequent problem. That created some laughter in the classroom, but the student caught on pretty quickly and later laughed about it too.

The GOP is like that slow student, except it doesn’t get it, and we’re the joke. For every problem or non-problem, whatever the facts, the GOP has the same answer:

*“X = Huge Tax Cut for the Super Rich.”*

When Bush became President, he inherited from Bill Clinton a federal government that Clinton had restored to fiscal responsibility after 12 years of Republican mismanagement and misdeeds. The newly appointed Bush was looking at rapidly growing budget surpluses “as far as the eye could see.”

Bush’s answer to this “problem” was:

*“X = Huge Tax Cut for the Super Rich.”*

<sup>108</sup> The GOP’s Neo-Bible says, “Feed my wolves.” Yes, “W” stands for “wolves.”



Bush said things similar to the following, “We is returning the surplus to the people. You knows better than the government how to spend it.”

Then when Bush ran the budget back into Republican Red and created record deficits, his pre-programmed “solution” was still:

*“X = Huge Tax Cut for the Super Rich.”*

However, because the surpluses had disappeared, Bush switched to different “justifications” and different lies like, “These tax cuts will eliminate ... I mean, create ... lots of jobs, and explode ...er, eliminate the deficits.”

Many of the political slogans written for Bush by Karl Rove are intended to evoke the response, “Boy, that sounds good—anyone with half a brain would agree with that.” Fortunately, dear reader, you have a whole brain. Fortunately, a growing number of traditionally conservative voters have begun using more of their brainpower, as reflected in the 2006 midterm elections.

Here’s the GOP’s bedrock principle: No matter what the facts, no matter what the impact on America, no matter what the truth, Bush and the GOP will religiously push “Of the Rich, By the Rich, and For the Rich” policies. To Hell with the unborn who will suffer the consequences.

The GOP believes in winner-take-all, wealthy-take-all, public-trough politics. It’s no surprise that the Bush League of Nations is such a dismal failure. The nations of the world—whether longtime American allies or adversaries, whether developed or undeveloped, whether democracies or dictatorships—see Bush and the GOP as rotten role models, and they oppose their blueprints for the world.

Among Republican senators, there were at least three (all from New England, none from the South) who tried, more or less, to block Bush administration budgets that did not balance the huge tax cuts for the rich with spending cuts or other tax increases. The three are Senators Lincoln Chaffee of Rhode Island, and Olympia Snowe and Susan Collins of Maine. Just like former GOP Senator Jim Jeffords of Vermont, they began to realize they were in the wrong party. After losing his bid for reelection in 2006, Chaffee even indicated he was considering leaving the Republican Party. This should surprise no one. The Con Party has morphed into the Confederate Party, having reintroduced Confederate currency, military adventurism, and toxic divisive values to America.

Senator Kent Conrad (D-ND), a strong advocate for fiscal responsibility, commented on Bush’s \$2.4 trillion budget for 2005: “This president is running us right over the fiscal cliff. The president says he wants to go to Mars. He’s taken the deficit to the moon.” Conrad noted that Bush’s deficit alone is \$991,000 per minute.

## **National Debt**

More national debt was added during the eight years of Ronald’s presidency than in the entire prior 200+ year history of the United States. During its first 200 years, America incurred most of its debt during troubled times such as World Wars I and II.

Yet, on Reagan's watch of only eight years (1981-89)—a time without major war when no American soldier killed a single Russian soldier or vice versa—our national debt increased by more than 260%, primarily because of reckless tax cuts for the Super Rich, and secondarily because of profligate spending. Yes, Reagan was a big spender—a big spender *and* a big borrower.

During the eight years of Reagan's watch, the national debt increased by an average of 13.8% *per year*, the highest ever in American history.

Our national debt during the Reagan years increased from less than \$1 trillion (\$937 billion) to \$2.6 trillion. This is Reagan's Legacy of Debt to America's children and grandchildren. It can accurately be called "Reagan's Leave-No-Rich-Person-Behind Legacy of Debt for America's Unborn."

America is not indebted to Reagan—America is in debt because of Reagan. That is Reagan's biggest legacy. He spawned the wild notion that "deficits don't matter," which allowed the GOP to loot and bankrupt America.

Visit [www.reagandebt.com](http://www.reagandebt.com) to see America's current, up to the second, national debt, which is accurately labeled, "The Ronald Reagan Memorial National Debt."

The website notes the astute comment in 1989 by ultra conservative George Will regarding Reagan's legacy:

... something fundamental happened in American governance when a conservative Republican administration produced deficits of \$200 billion—and nothing happened. Nothing, that is, dramatic and immediately visible. ...for the political class, the event was a splendid liberation: all the rules were repealed.

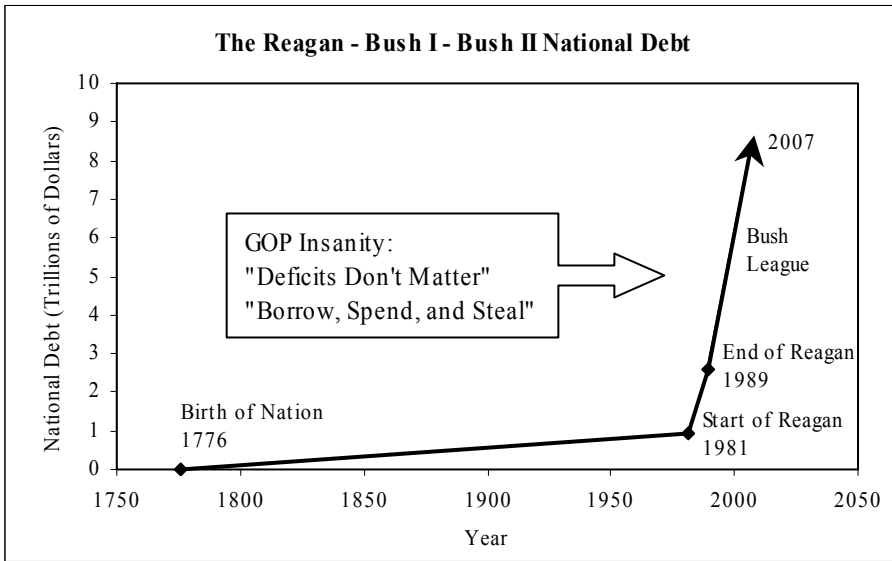
Assuming an annual weighted-average interest rate of just 4% on America's national debt—it's actually higher—the interest payment on just the additional debt incurred under Reagan is approximately \$65 billion per year, which painfully comes out of our government's annual operating budget each and every year. This perpetual annual \$65 billion drain could have been used for better purposes, for example, to increase our annual defense budget by more than 20% in perpetuity, or to fund the equivalent of 200 Peace Corps each year in perpetuity, or to save *tens of millions* of lives in third world countries. But Reagan and the GOP worked instead for the Super Rich.

At a news conference in March 1981 Reagan said that a "drastic reduction in the deficit ... will take place in the fiscal year 1982." This was based on what his nitwit *supply-side* economic advisors told him to say. However, rather than falling as promised, the deficit ballooned to a record \$128 billion that year. Reagan learned the hard way that his economic advisors were wrong, and he thereafter made fewer rosy predictions.

Under GOP mismanagement and looting that started with Reagan, America lost its financial backbone and went from being the largest creditor nation in the world to the largest debtor nation. Thanks to the neo-GOP, America's national debt increased more than 900% since Reagan entered the White House!

In the years ahead, when you talk with your grandchildren about what America once stood for, be sure to tell them about that wonderful gift of debt the Republican Party gave them. It should be named the "Reagan-Bush I-Bush II National Debt," in honor of the crooks and fools who created it.

The reckless fiscal mismanagement by Republican presidents continued unabated during the entire period from 1980 through W's watch, interrupted only by eight years of tough fiscal stewardship by Democratic President Bill Clinton. If Clinton had not been at the helm for those eight years—if some GOP lackey of the Super Rich had been in charge—the rightwing looting would have continued, and the United States would now be several *additional* trillions of dollars further in the hole than it actually is.



Bush took Republican fiscal recklessness to new levels of madness. The amount that Bush and the GOP add to the national debt in a typical *year* is *more than one-third* of the *total* national debt incurred by the United States during its first 200 years.

When Bush became president, the Congressional Budget Office estimated that there would be a total budget *surplus* of \$5 trillion during 2002-2011. In 2004—after Bush had been in office only three years—it was estimated that, during this same 2002-2011 period, the United States would suffer a total *deficit* of more than \$4 trillion. That's a Bush League turnaround, a catastrophic freefall, of \$9 trillion.

Bush and the GOP coupled irresponsible record spending with four rounds of irresponsible tax cuts primarily for the Super Rich, and the result was as certain as night following day: record budget deficits and an explosion in our national debt.

In 2004 the U.S. government under Bush spent \$2.3 trillion and suffered a \$410 billion deficit. In the last full year of Clinton's administration the U.S. government spent only \$1.8 trillion, and it enjoyed an \$86 billion surplus.

Let's consider the *additional* annual interest America must pay on *just the additional* national debt created by the GOP since 1980. This *additional* interest was about \$360 billion in 2006, or about one billion dollars per day. (Imagine 360,000 piles of one million dollars each.) This should be called the "GOP Debt Tax," and it

is an enormous waste of limited resources. This annual GOP Debt Tax is equal to about 70% of the entire annual Department of Defense budget, and it increases every day.

The interest paid on America's national debt represents an enormous lost opportunity. This money is annually flushed down the Republican Voodoo Economics toilet. It is *real cash* that is no longer available for a host of needs: Homeland Security, national defense, Social Security, Medicare, education, health care for every American, and so forth. The budget deficits and growing interest payments harm America's long-term strategic interests by boosting interest rates, reducing saving, reducing investment, and reducing jobs.

When the GOP is in charge, America needs no enemies.

Thanks to Bush and the Republican Party, there is no GOP plan on the horizon to ever repay even one penny of the principal of the national debt. Bush may be counting on the rapture—or a huge meteor destroying Earth—before the real financial Bushit hits the fan. Although Bush can retire safely to the gated community of Bush World when he leaves office, America's children and grandchildren, plus generations of the unborn, cannot.

America has become a Banana Republic run by Banana Republicans, and their GOP Welcome Wagon for the unborn is a huge GOP shaft, a cold Bush Banana.

Republicans no longer just “tax and spend”—they “borrow and spend,” or, more accurately, they “borrow, spend and steal.”

As for spending, the “borrow and spend” GOP put spending on steroids. Even Reagan—especially Reagan—who pandered for votes by railing against Big Government, expanded the federal government with unprecedented spending increases. Most appropriately, the largest government office building in Washington was built in his honor and has his name on it.

The GOP believes in Big Government because huge corporations and the Super Rich now own and milk it—the U.S. Government should be renamed America, Inc.—and the GOP has no social responsibility other than to themselves and their cronies. Low- and middle-income schmucks, on the other hand, fight and die in foolish wars not of their own making, ultimately have to pay the bills, and receive nothing in return.

Republicans have created an imperial corrupt government of wasteful consumption and multiple wasteful deficits. The savings rate in the United States is now *negative*, personal debt is at a record high, and people are consuming the equity in their homes.

GOP America is consuming itself, as it consumes much more than it makes. It is burning the furniture to keep warm. This parallels Bush's personal profligate lifestyle. As a leach on every company and organization to which he was appended, Bush always sucked out more than he contributed. The GOP concluded this is a good model for America.

Honest conservatism in the GOP is dead. Its leadership is Confederate, and its agenda is Confederate.

The GOP is “consumptive,” not “conservative.” “Consumptive” is accurate not only in the economic meaning of “consumption”—i.e., the using up of resources—but also in the old medical sense of “consumption”—i.e., a disease of the lungs in-

volving the *wasting away* of the body, now known as pulmonary tuberculosis. Yes, the Republican Party is the Consumption Party, skilled in the *wasting away* of America. Yes, “W” stands for “wasting away.”

The reckless fiscal policies of the GOP compromised America’s ability to respond effectively to future economic and terrorist shocks such as 9/11. The budget surpluses and strong fiscal position of the United States existing on 9/11 gave America the ability to respond flexibly, swiftly and aggressively to the challenges. More than ample resources were readily available to fund a strong appropriate military response, as well as diplomatic and economic initiatives. The Federal Reserve had ample room to implement an aggressive stimulatory monetary policy. Resources were available to rebuild and move forward. Unfortunately, the Bush regime’s tax cuts for the Super Rich and other reckless decisions greatly reduced America’s options to respond to any major future shock or challenge, whether military or economic. Bush League policies painted America into a dangerous corner.

More and more members of Bush’s own party are grumbling. Senator George Voinovich (R-OH) in 2004 gave his realistic perspective to the Senate: “The country’s finances are in dire condition. We face a sea of red ink as far as the eye can see ... We are on the edge of an abyss and we must stop before we commit fiscal suicide.” Yes, Republican Voinovich used the right word—suicide. Bush and the Republican Party put America on the road to financial Armageddon. Praise the Lord!

You might ask where the more than \$350 billion in *additional* annual interest goes after it disappears down the Republican Voodoo Economics Toilet. Well, it is gobbled up by the holders of U.S. bonds, treasury bills and other debt instruments, who are mainly the Super Rich, large corporations, foreign governments and other entities. Unfriendly foreign governments hold a rapidly increasing portion of America’s debt. Saudi Arabia, which holds an enormous share, effectively uses a portion of the hard American dollars it receives to fund its anti-America and anti-West policies, which are seeped in Wahhabism. At the end of the day, it and other unfriendly nations use a portion of the GOP Debt tax to fund terrorist organizations. Communist China’s share of America’s debt is also rising rapidly.

#### **SIDEBAR: Research Project for a Student**

If you’re an economics or political science student looking for an interesting topic for your class, you could consider investigating the “special” financial relationships between Saudi Arabia and the United States. What are the implications for America’s energy policy? What investments has Saudi Arabia made in America? What percentage of America does Saudi Arabia already own? How does Saudi Arabia compromise America’s so-called war on terrorism? What are the foreign policy implications for America?

Another irony is that America’s Super Rich, in addition to receiving huge tax cuts, also receive humungous annual interest payments on the U.S. debt they hold, a

portion of which had to be issued to fund their huge tax cuts! This is like a bank robber stealing a fortune from a bank and then sending the bank an invoice each year for interest on the money he stole.

### SIDEBAR: Insanity

Albert Einstein said that *insanity* is doing the same thing over and over again, but expecting different results. The irresponsible tax cuts by Bush meet this definition. So does voting for the Republican Party—unless perhaps you are a member of the Super Rich who doesn't care about the moral and financial condition of the nation that we leave our children and grandchildren.

*New York Times* columnist Nicholas Kristof described Bush's 2005 budget as "dazzlingly deceitful," with fudging and gimmickry, noting that he had seen such irresponsibility before—"in Argentina." Kristof revisited Bush's first speech on budgets—one before a joint session of Congress on February 27, 2001—and notes that in it, according to Paul O'Neill, Bush made statements about retiring the debt that *the White House knew to be false*. The following is from Bush's speech: "Many of you have talked about the need to pay down our national debt. I listened, and I agree. (Applause.) We owe it to our children and grandchildren to act now, *and I hope you will join me to pay down \$2 trillion in debt during the next 10 years.* (Applause) ... We should approach our nation's budget as any prudent family would, with a contingency fund for emergencies or additional spending needs." Yes, from its first days in power, the Bush regime lied to the American people.

As of 2006, each newborn American is immediately saddled with a GOP-inflicted "birth tax" of \$28,000, together with large increases annually imposed by the Big Spenders and Big Borrowers known as the GOP. This \$28,000 is the newborn's share of the national debt. This GOP birth tax is like a serious birth defect, and America's unborn will have to live with it and pay interest on it forever.

In reality, the financial news is much worse than that. The large "birth tax" of \$28,000 (plus additional principal and interest each year) reflects only what is commonly called the "national debt," which is primarily publicly held debt, and does *not* include other huge commitments and contingencies of the U.S. government, including Social Security, Medicare and veterans' health care. The larger total—the "total burden"—is more than five times as large as the national debt. This means the "birth tax" on the newborn is really more than *five times* the \$28,000. In a few moments we'll return to this larger looming GOP-caused catastrophe.

Apologists for the GOP's fiscal policies assert that the huge annual budget deficits are manageable. "Sustainable" is another adjective frequently used. But even if the budget deficits were sustainable—which they aren't—this doesn't mean the policies are prudent for America. A rotten policy that may be sustainable is still a rotten policy. Asserting that the deficits are "sustainable" is like a neocon saying that his daily rapes of a neighbor's daughter are sustainable. (You can imagine the argument:

since the victim is young and strong, a daily rape should be sustainable, whereas maybe ten rapes a day might not be.)<sup>109</sup>

The *spend and borrow* GOP has put America in a deep financial hole, and the prudent course is to stop digging—stop the financial raping of America and its unborn—and figure out a prudent way out of the hole.

Temporary budget deficits can make good sense during a recession or depression when an economic stimulus is needed (with the understanding that debt is paid off during good times.) But that is not America's situation. GOP deficits are *permanent*, and they loom before us "as far as the eye can see."

The incredible power of compounding interest is now working *against* America, the world's biggest debtor. Before Reagan, it was working *for* America.

Responsible professionals in the U.S. government including the Comptroller General of the United States know that the path charted by the Cons is not sustainable. In his November 7, 2005, report covering fiscal years 2004 and 2005, the Comptroller General warned: "Continuing on this unsustainable path will gradually erode, if not suddenly damage, our economy, our standard of living and ultimately our national security."

The Comptroller General is America's chief accountability officer and is head of the U.S. Government Accountability Office (GAO). It is his job to report on America's financial health.

In addition to the huge federal debt (the \$28,000 per American discussed above), there has been explosive growth during Bush's watch in the gap between future *promised* and *funded* benefits (primarily Social Security and Medicare), as well as tremendous growth in many other federal commitments and contingencies, including veterans' health care. This total burden ("Total Burden"), as calculated by the GAO, has risen to a staggering \$46.4 trillion at the end of the government's fiscal year 2005, versus "only" \$20.4 trillion as of the end of 2000. Thus the Total Burden far more than doubled in only five years under Bush and his Con-controlled Congress, and it is continuing to grow rapidly every second of every day.

It is virtually impossible for anyone to truly comprehend a staggering number like the \$46.4 trillion in Total Burden, or "just" the additional \$26.0 trillion added to the Total Burden during just the first five years of Bush's watch. But let's give the numbers some common sense perspective by calculating how rapidly the Total Burden increased for the average American *household* during Bush's first five years. We do this by evenly spreading the \$26.0 trillion (Bush's five-year contribution only) over all 113 million American households. Here's the bad news:

The *rate* at which *additional* Total Burden (Bush's contribution only) was imposed on American households during the first 5 years of Bush's watch is equal to:

- \$5.25 per hour, per American household, 24 hours a day, 365 days a year, for the entire 5-year period.
- \$22.14 per hour, per American household, based on a 40-hour workweek,<sup>110</sup> for the entire 5-year period. Incredibly, this hourly rate is about 138% of the

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<sup>109</sup> If you have a more ugly metaphor or simile that you prefer, please let me know. It is tough to come up with one that is more ugly than what the Cons are actually doing to America.

average hourly earnings of private, non-farm, production or non-supervisory workers, according to the U.S. Bureau of Labor Statistics.

- \$46,050 per year, per American household. Incredibly, this is more than the median household income! (See the GAO figures in the sidebar below.)

In other words, if during the first five years of the Bush regime, 100% of American households had applied 100% of their *total* household income to reduction of the Total Burden—and thus had not spent one red cent for food, shelter, medical care, taxes or anything else!—it would not have been enough to cover just the financial burden *added* during those five years by Bush and the Cons!

America's Comptroller General, David Walker, has worked hard to inform the public of America's growing fiscal crisis. His many trips and presentations across America include his "Fiscal Wake-up Tour" of the United States in 2006. The following is taken from one of his presentations regarding America's huge fiscal burden:

#### **SIDEBAR: How Big is Our Growing Fiscal Burden?<sup>111</sup>**

Our total fiscal burden can be translated and compared as follows:

|  |                 |
|--|-----------------|
| Total fiscal exposures (as of 9/30/05) | \$46.4 trillion |
| Total household net worth              | \$51.1 trillion |
| Burden/net worth ratio                 | 91 percent      |
| <b>Burden</b>                          |                 |
| Per person                             | \$156,000       |
| Per full-time worker                   | \$375,000       |
| Per household                          | \$411,000       |
| <b>Income</b>                          |                 |
| Median household income                | \$44,389        |
| Disposable personal income per capita  | \$30,431        |

Many prominent economists have openly talked about America being on the road to bankruptcy. Some, such as Professor Laurence Kotlikoff, a researcher for the Federal Reserve Bank of St. Louis, believe America by some measures is already bankrupt. In a research paper he published in 2006, Kotlikoff wrote that "the US government is, indeed, bankrupt, insofar as it will be unable to pay its creditors, who, in this context, are current and future generations to whom it has explicitly or implic-

<sup>110</sup> This assumes no vacation time. The calculation is based on 52 workweeks per year, each 40 hours long.

<sup>111</sup> The source of this table is the U.S. Government Accountability Office (GAO). It is a financial snapshot as of the end of fiscal year 2005 (September 30, 2005.) [www.gao.gov/cghome](http://www.gao.gov/cghome).



itly promised future net payments of various kinds.” Some, including Kotlikoff, have calculated the fiscal gap (i.e., the “Total Burden,”) to be as high as an incomprehensible \$65 trillion. There are a few terrifying scorched earth “solutions” to this looming disaster, one of which would be to immediately and permanently cut all Social Security and Medicare benefits by two-thirds.

In the sad tradition of Banana Republics, a future American president may be required to beg for massive debt forgiveness from America’s domestic and international lenders, with catastrophic consequences. Ironically, the Banana Republican Party’s financial recklessness is a much greater threat to America’s power and sovereignty than the threat of “world government” imagined by conspiracy-theory right-wingers in their most hallucinatory nightmares.

Following the horrors of 9/11, Americans united behind their president, George W. Bush, and his approval rating soared to almost 90%. Expecting Bush to lead, Americans were eager to answer the call, eager to give sacrificially in a grand historic response to the challenges of 9/11. The call never came. Americans wanted to unite in a shared transformational sacrifice that would not only punish those responsible for 9/11, but would also transform America and the world to make both better and safer. But Bush and the GOP never made the call.

The Bush White House and the GOP-controlled Congress had no noble plan to lead America, let alone the world, and they still don’t. They had only blind ideology, incompetence and greed, which are ingredients of a toxic stew, not a noble plan. Their efforts in Afghanistan were tentative and unsuccessful; their immoral and illegal war on Iraq bogged down and inspired more terrorism; and their efforts to lead and secure America were half-hearted, seeped in fear mongering and propaganda.

Handed opportunity by 9/11, the Bushies created catastrophe and turned the world against America. They united America’s enemies and divided America’s friends. They caused America the victim to be seen as the bad apple. They transformed America’s military into Goliath and spawned a multitude of enemy Davids. They sold out America and its Constitution.

Bush made no inspirational call to the children and grandchildren of that “Greatest Generation” of Americans who answered the call following Pearl Harbor. The American blood spilled abroad in Bush’s wars would not be the blood of America’s rich and powerful. There would be no military draft or other shared sacrifice. There would be no noble focus, no grand strategy other than making sure that America’s Super Rich and well-connected cronies profit from the 9/11 opportunity.

Bush’s various so-called “emergency” funding requests raised the cost of his wars in Iraq and Afghanistan in fiscal year 2008 to a staggering, mind-boggling \$196 billion—more than \$16 billion each month, more than \$1 billion every 48 hours.

Yet there would be no new or old tax to pay for Bush’s wars. In fact, the Super Rich would continue to receive their huge tax cuts each and every year. One hundred percent of the enormous bill for the Bush regime’s incompetence and greed would be passed to future generations of Americans. Screw the unborn.

## Trade Deficits and the GOP's 25-Year War on America's Middle Class

Lester Thurow, MIT professor of economics, famously said that the epitaph of the Reagan presidency will be: "When Ronald Reagan became President, the United States was the largest creditor nation. When he left the presidency, we were the world's largest debtor nation."

When Reagan rode into Washington in 1981, he launched the *GOP's 25-Year War on America's Middle Class*, which catastrophically restructured America, devastated its manufacturing infrastructure, and crippled America's national security in the process. This economic war became the GOP's new religion and acquired among those on the extreme economic right a status higher than that of Christianity, with venerable godlike Reagan increasingly spoken of in reverential tones, and—as the years rolled by—with facts and reality being replaced by Reagan lore and rightwing hallucinations.

When Reagan became president, America *imported* more raw materials than any other nation, and it *exported* more manufactured products than any other nation. The GOP's 25-Year War on America's Middle Class completely reversed this and turned America into a Banana Republic—of, by and for Banana Republicans. America now *exports* more raw materials, and *imports* more manufactured products, than any other nation.

Bush took the GOP's 25-Year War on America's Middle Class to new levels of madness, and his and the GOP's anti-union, anti-worker, pro-Big Business economic policies cost America and America's workers dearly.

The humongous growth in America's trade deficit under Bush destroyed millions of higher-wage, higher-skill manufacturing jobs in the United States, and pushed millions of Americans into restaurant and other service employment where wages and benefits are much lower. W and Wal-Mart won the battle to downgrade America's workers.

Economists believed America's record trade imbalance of \$418 billion in 2002 under Bush was very ominous for America's financial health and its workers. However, much worse performance was yet to come. The 2003 trade deficit under Bush grew by 17.2% to \$489.9 billion. The 2004 trade deficit exploded by another 26.1% to \$617.7 billion, and the 2005 deficit jumped another 17.5% to \$726 billion.<sup>112</sup> The 2006 deficit hit \$763.3 billion, a new record for the fifth consecutive year.

An International Monetary Fund report in early 2004 warned that America's ballooning trade and budget deficits are "significant risks" to the world economy. It predicted that in a few years the total amount of money owed to foreign creditors could rise to 40% of the United States' domestic economy, "an unprecedented level of external debt for a large industrial country."

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<sup>112</sup> For each year, the merchandise-only deficit (versus both goods and services) is actually much *higher* than the stated figure. For example, the merchandise-only trade deficit was \$666 billion in 2004, versus the stated figure of \$617.7 billion for aggregate goods and services.

**SIDEBAR: Kansas For Sale—America For Sale**

When it comes to deficits, Bush and his Republican Party rely upon obfuscation and ignorance. They count on millions of their supporters not wanting to look at the numbers, not knowing the difference between a million dollars and a trillion, and not having the time to understand and size the problem.

But the multiple GOP deficits are in fact staggering and constitute a much greater threat to America than 100 bin Ladens and 100 9/11s.

Reagan was not proud of the fact that he transformed America from the largest *creditor* nation ever into the largest *debtor* nation ever. In contrast, Bush cares not in the least that he has broken all of Reagan's worst financial records and weakened America catastrophically.

In order to finance Bush's record annual trade deficit, America in 2004 had to suck up 80% of total world savings that year, and the percentage has increased since then. Foreigners held about 43% of all U.S. Treasury bonds, notes and bills, and the percentage is growing. This nuclear cannon pointed at America's head should alarm even Bush's hardcore supporters, especially those who believe America should never be influenced by foreigners. At the same time, America's foreign owners recognize that it is becoming increasingly risky to buy and hold Bush League *Confederate dollars*, which have fallen precipitously in value thanks to the GOP printing presses working day and night to churn out record amounts of Confederate currency.

Naturally, America's growing horde of foreign creditors increasingly invests in American assets in addition to U.S. Treasury debt instruments, such as American real estate and American businesses. Although most conservatives no longer believe in "Buy American," America's foreign lenders and owners do believe in "Buy America."

Regarding "Buy America," let's size the looming GOP-inflicted catastrophe by asking how much of America could be purchased with Bush's \$2 billion *per day* trade deficit. Let's consider Kansas.

The area of Kansas is 82,282 square miles, which is 52.66 million acres. Assuming a purchase price of \$1,000 for Kansas farmland (which is actually *higher* than the average 2004 sale price),<sup>113</sup> American farmland equal in area to the entire state of Kansas could be purchased for \$52.66 billion. This sum is only a small fraction, less than one-thirteenth, of America's *annual* trade deficit (\$726 billion in 2005.)

This means that if those dang foreigners used all those Bush-deficit dollars that they collected in *just one year*, they could buy American farmland more than 13 times the size of Kansas.

This means that, in *less than six years* of Bush League government, foreigners could pocket enough dollars to buy Kansas-like farmland equal in area to *all* of America, including Alaska.

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<sup>113</sup> For comparison, a 2005 survey in Nebraska indicated that Nebraska agricultural land sold for an average of \$829 per acre.

The GOP's national anthem is "Come Buy US," sung to the tune of "Kumbaya." Thanks to the GOP, it is "Bye Bye America."

But Bush and the GOP—both afflicted with attention deficit disorder—pay no attention to deficits. "Deficits don't matter." Truly incredible.

### **Tax Shelters: GOP Kleptomania for the Super Rich**

"The really rich people figure out how to dodge taxes anyway," noted Bush on August 9, 2004, while explaining why he refuses to tax the wealthy.

Don't believe figures you read about the percentage of income that the Super Rich pay in taxes. Much of the income of the Super Rich never gets reported in the first place, largely because the tax code was written by and for them. Although actual tax fraud is a big problem (as discussed below), the real crime is all the *perfectly legal* tax avoiding devices and tricks available to the Super Rich. The real tax rates for the Super Rich are undoubtedly much lower than the reported numbers.

On the other hand, every penny of Joe Lurchpail's wages for *work* gets accurately reported through his employer, and taxes are withheld from every paycheck. The billionaire Waltons of America benefit from one set of rules, while Walton workers are subject to another. Guess who is screwing whom.

According to reviews and reports by the IRS itself, the tax underreporting or fraud by W-2 Joe Lurchpail is virtually nothing when compared to that of wealthy individuals and proprietors. In early 2006 the Internal Revenue Service reported that there was 99% compliance regarding America's workers and their wages, salary and tip income. This fact was noted in the IRS's updated estimates of the tax year 2001 "tax gap" based on the IRS National Research Program (the "NRP"), a comprehensive three-year study of the 2001 tax year returns of individuals. The IRS noted that compliance is highest where there is third-party reporting.

Incredibly, according to the NRP report, the noncompliance rate is *57 times higher* for non-farm sole proprietor income, which, unlike the case with W-2 Joe Lurchpail, does not rely upon third-party reporting. The IRS news release noted:

For example, one percent of all wage, salary, and tip income is misreported, contributing an estimated \$10 billion to the tax gap. In contrast, non-farm sole proprietor income, which is reported on a Schedule C and is subject to little third-party reporting or withholding, has a net misreporting percentage of 57 percent, contributing about \$68 billion to the tax gap.

Regarding the *total* amount of tax underpayment (i.e., fraud), the IRS concluded:

The updated estimate of the overall gross tax gap for Tax Year 2001—the difference between what taxpayers should have paid and what they actually paid on a timely basis—comes to \$345 billion. ... IRS enforcement activities, coupled with other late payments, recover about \$55 billion of the tax gap, leaving a net tax gap of \$290 billion for Tax Year 2001.

That last incredible figure of \$290 billion is worth repeating. If all Americans had paid their federal income taxes in full without fraud, the United States would have had additional tax collections of \$290 billion! This total was for tax year 2001, the

year of the comprehensive IRS study, and the current total is undoubtedly higher. Whatever the exact amount, if Americans didn't cheat on their taxes, the additional taxes collected would eliminate, or almost eliminate, the humongous annual budget deficits of the Bush administration (\$318 billion in 2005).

However, the GOP-controlled Congress over the years handcuffed IRS tax enforcement by changing the rules to make it harder for IRS enforcement employees to do their jobs, and easier for the Super Rich to evade taxes. Also, tax collection efforts under the Cons focus too much on the small fish.

In August 2006 *The New York Times* reported that the Internal Revenue Service was planning to *outsource* collection of delinquent taxes of less than \$25,000 to private tax collectors, even though federal employees can perform this work much more efficiently. The outsourcing also raises issues of privacy and fraud. At the same time, the IRS planned to lay off almost half of its auditors who examine the estate tax returns of America's wealthiest.

When Saddam's trucks backed into the Iraqi treasury and left filled with cash, it undoubtedly was perfectly legal, since Saddam and his government made the laws. A signed document authorizing the withdrawal was even provided to the Iraqi treasury. Well, the U.S. tax laws operate pretty much the same way for America's Super Rich, except that the loot pocketed by them dwarfs Saddam's take.

Many of America's brightest and most creative professionals work as tax lawyers and tax accountants for the Super Rich. Their job is *not* simply to do all the routine paperwork for their clients and calculate the amount of taxes due under the tax laws. Rather, their main added value is creatively pushing the envelop of tax avoidance techniques and schemes. A tax code that is 14,000 pages long provides lots of paint for financial artists to paint creative tax-avoiding masterpieces. Their question is: "What kind of masterpiece do you want me to paint?" Answer: "One that shows me not paying any taxes." Reply: "No problem."

#### **SIDEBAR: Grand Jury Investigation of KPMG's Tax Shelters**

KPMG, one of the Big Four accounting firms, was one of the more aggressive creators and sellers of strategies to eliminate huge tax liabilities. Thanks to a whistleblower, the IRS learned of the KPMG tax shelters in 2003 and took action to end them. A federal grand jury in Manhattan investigated and indicted KPMG, which had collected at least \$124 million in accounting fees for its fraudulent tax shelter work. In 2005 KPMG admitted criminal wrongdoing in helping wealthy clients create at least \$11 billion in phony tax losses, thereby helping them dodge \$2.5 billion in taxes, and agreed to pay \$456 million as part of a deferred-prosecution settlement. In March 2006 one of nineteen indicted senior KPMG executives pleaded guilty, and more indictments appeared likely. It's unclear what action, if any, will be taken against the wealthy investors, who are predominantly rich individuals and corporations. In some cases, the statute of limitations to collect delinquent taxes has expired. Some investors sued KPMG regarding their tax exposure.

KPMG is not an isolated example. The Dallas-headquartered law firm of Jenkins & Gilchrist shut its doors on March 31, 2007, a few days after agreeing to pay the IRS a penalty of \$76 million in connection with the firm's violation of tax laws and promotion of abusive and fraudulent tax shelters to high-net-worth individuals. In 2005 the law firm and its insurers agreed to pay \$81.6 million to settle lawsuits filed by more than 1,000 tax shelter clients. Founded in 1951 and headquartered in Dallas, this well-regarded firm had more than 600 attorneys at its peak in 2001. Many of the tax-elimination packages Jenkins marketed to the Super Rich had catchy names such as:

- “HOMER” (Hedge Option Monetization of Economic Remainders);
- “BART” (Basis Adjustment Remainder Trusts);
- “COBRA” (Currency Options Bring Reward Alternatives);
- “BLISS” (Basis Leveraged Investment Swap Spreads);
- “BEDS” (Basis Enhancing Derivatives Structure); and
- “BOSS” (Bond & Option Sale Strategy).

An eye-opening description of the tax shelter business is contained in *Perfectly Legal*, by David Cay Johnston. It describes a host of specific cases and tricks that should make you sick. The tax system creates an incentive for the Super Rich to cheat, and the professionals doing their dirty work are paid dearly. For example, Johnson writes,

Only the very rich can buy these tax shelters. Ernst & Young has been known to charge people a fee of \$1 million just to look at a tax shelter proposal. But then, compared to paying taxes, tax shelters can be a real bargain. One Ernst & Young shelter cost \$5 million to wipe out \$20 million in tax obligations, according to its confidential offering. Ernst & Young sold a similar shelter that promised people with salaries of \$20 million or more that they could live tax-free. KPMG and BDO Seidman, in particular, fought government efforts to learn about their tax shelters and who used them.

Many of the tax schemes rely upon secrecy—by being structured so that key information is not filed with the IRS. Also, Congress has taken many steps to protect the Super Rich by effectively handcuffing IRS enforcement.

### **Environment and Energy Policy—Attacking America's Security**

Within a few days after his inauguration in January 2001, oilman Bush appointed oilman Cheney—the former head of public-trough energy giant Halliburton—to chair an energy task force that would determine America's energy policy, which would include gutting environmental protections at every opportunity. The task force was named the National Energy Policy Development Group (NEPDG), and on paper was composed solely of Bush administration officials. However, lobbyists and oil and energy company executives, including several from Enron, dominated the agenda and the proceeding. Environmental groups and consumer representatives were excluded from meaningful participation.

America's energy policy was determined in secrecy by Cheney's team as they met with lobbyists from the coal, gas, oil and nuclear industries. The rushed energy

policy—presented in a report in May 2001—was a payback to corporate polluters that funded the Bush/Cheney campaign.

The NEPDG report was widely criticized for many obvious reasons, including the fact that it was “of, by, and for” the oil and energy industries. Among the industry lobbyists and representatives was Bush’s own “Kenny Boy” Ken Lay, the chairman of Enron, who by coincidence gave the most cash to the Bush/Cheney 2000 election campaign.<sup>114</sup> Bush stopped talking about his buddy “Kenny Boy” when the Texas-style corruption at Enron was exposed. Lay was later convicted on numerous counts and sentenced to prison, but he dropped dead in 2006 before justice was served.

Industry lobbyists participated extensively in private meetings of the NEPDG. In addition to telling NEPDG what they wanted, they even wrote key parts of the report and legislative agenda.

The NEPDG report called for everything that was good for oil and energy companies, and it sacrificed America’s broader interests. The report called for increased tax breaks and subsidies for energy companies, more privatization and deregulation, drilling in the Arctic wilderness, and reduced environmental protection.

In short order, consumers in California and other states paid billions more in bogus energy charges due to fraud and diminished federal oversight.

The Bush administration fought legal action to open the NEPDG’s records to public review and sunlight. At the insistence of two congressional Democrats, Congress ordered its investigative arm, the Government Accountability Office (GAO), to obtain the records of the energy task force. The records were needed in connection with Congress’s investigation of California’s 2001 energy crisis and the fraud leading to the looting and collapse of Enron. Cheney completely stonewalled all requests, arguing that the principle of separation of powers prevented Congress from intruding into meetings between the executive branch and private individuals. The GAO then filed a lawsuit in federal district court. Unfortunately, the case was assigned to a judge, John Bates, who had just been appointed by Bush, and who previously was an assistant to Kenneth Starr—the Whitewater Independent Counsel and hatchet man for the extreme right. In a partisan ruling, the judge dismissed the case, and the GAO, under pressure from the Bush White House, declined to appeal the ruling.

Fortunately, two public interest organizations, Judicial Watch and the Sierra Club, had also filed lawsuits, arguing that the Bush administration ignored “open government” protections of the Federal Advisory Committee Act, which generally requires public meetings whenever agency officials seek outside advice. There is an

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<sup>114</sup> The following movie scene is for *Casablanca* fans, with Ken Lay playing the part of Jan Brandel, who is trying to get out of Casablanca, and Bush playing the part of the crooked Captain Louis Renault:

Ken Lay (as he tries to hand Bush a bribe at Rick’s Café Americain): *President Bush ... may I?*

Bush: *Oh no! Not here please! Come to my office tomorrow morning. We’ll do everything businesslike.*

Ken Lay: *We’ll be there at six.*

Bush: *I’ll be there at ten.*

exception if an agency committee is “composed wholly of full-time officers or employees” of the federal government. The plaintiffs argued that the energy lobbyists and representatives were de-facto members of NEPDG. The district court sided with the plaintiffs and ordered discovery to proceed. Cheney stonewalled the discovery requests for information and petitioned the federal Court of Appeals, again asserting the doctrine of separation of powers. The Court of Appeals rejected his petition, leaving him free to claim executive privilege in opposing specific information requests. Cheney then petitioned the U.S. Supreme Court, which in June 2004 gave Cheney at least a temporary victory. It did not order Cheney to respond to the discovery, nor did it uphold his blanket claim of privilege. Rather, it said that the lower federal courts should have made the plaintiffs narrow their informational requests to avoid compelling Cheney to claim executive privilege. The legal proceeding would thus bubble along, with the assurance that no seamy details regarding the task force would see the light of day until after the 2004 election, if ever.

It didn't hurt Cheney's case that his longtime duck-hunting buddy, Antonin Scalia, sits on the Supreme Court. Extreme rightwing Scalia was one of the five Republicans on the Supreme Court who stopped the vote counting in Florida in 2000 and anointed Bush president and Cheney vice president. Although Cheney and Scalia went duck hunting together in Louisiana while the case was before the Supreme Court, Scalia ignored federal judicial rules and refused to remove himself from the case. The host of the duck-hunting outing was another prominent oilman.

Scalia and rightwing Clarence Thomas joined in a concurring opinion that would have gone much further. They wanted Cheney to be immune from *any* discovery, which would be a big step forward on the road to a presidential dictatorship. Bush later successfully packed the Supreme Court with two more similar extreme rightwing justices who consistently side with corporate and executive power over the public interest.

The activities of Cheney's NEPDG unfortunately remain classified. However, thanks to the efforts of Judicial Watch and the Sierra Club and a prior decision of the Supreme Court in July 2003, the Commerce Department in 2003 made a partial disclosure of some NEPDG documents, including charts and maps dated March 2001 of oil fields and pipelines in Iraq and Saudi Arabia. Two charts contain details regarding Iraqi oil and gas projects, and one project was entitled, “Foreign Suitors for Iraqi Oilfield Contracts.” Of course, the Bush League invasion of Iraq had nothing to do with oil.

But Iraqis for some reason believe Bush's invasion and occupation was about Iraq's oil. In a survey conducted in 2006 by Michigan University and Eastern Michigan University, 76% of Iraqis, when asked to give the three main reasons why the United States invaded Iraq, gave “to control Iraqi oil” as their first choice. (This high figure does *not* include Iraqis who gave “to control Iraqi oil” as their *second* or *third* choice.) The same study indicated that 91% of Iraqis opposed the presence of American troops, an increase of almost 20% over 2004.

Imagine you are a Middle Eastern Muslim wrestling with this conundrum: “Why in Allah's name is America's oil located under my land?” Is it “intelligent design” perhaps? Also imagine you are trying not to harbor any skepticism as to the American armies occupying your land. Imagine also that both the U.S. president and the



vice president previously ran—or rather, mismanaged—oily companies and have benefited greatly from enormous bribes—er, political contributions—from their crude oil cronies. Imagine further that Bush's National Security Advisor—yes, the same clueless and malfasant one who was sleeping on the job before 9/11, but later was promoted to Secretary of State because of her incompetence—had a Chevron oil tanker named after her: the Bahamian-registered, double-hulled, 129,000-ton “Con-doleezza Rice.”<sup>115</sup> *Saturday Night Live* could not make this stuff up.

Aided by the Religious Right, big corporate polluters control the Bush administration's environmental policies, which no longer are based on hard facts and scientific analysis. The NEPDG said nothing serious about global warming. Faith-based environmental nihilism is in vogue in Bush's America, where bashing God's environment has become a sign of rightwing religious fervor. The administration favors increased consumption of oil by the United States, and it counts on America's military to remove all obstacles. The world looks on in horror.

### **SIDEBAR: Bush and Consumption**

*“We need an energy bill that encourages consumption.”*

—George W. Bush. Sept. 23, 2002

The West Wing of the White House should be renamed the “Waste Wing” in honor of oily “W” and his crude oil puppeteers.

Bush's role as Chief Waster greatly upsets allies and friends, who bear the cost of global warming, higher oil prices, a degrading environment, and increased terrorism worldwide. America must boot out the gluttonous GOP elephant and become the world leader in energy conservation, clean energy and alternative energy. America's national security hangs in the balance.

Bush's energy program is better known as “Leave No Ayatollah Behind.” Increases in the price of crude generate enormous piles of cash for crude dictators, helping them remain in power and avoid democratic reform.

Thomas Friedman, a rightwing columnist for *The New York Times* who supported Bush's war on Iraq, is very critical of the Saudi educational system and culture which breed and encourage terrorists by teaching intolerance for other religions and cultures, as well as hatred for the West. Friedman wants “an energy policy that reduces our dependence on Saudi oil. I don't want the difference between a good day and bad day to be whether Saudi Arabia reforms its education system.” He is particularly critical of Cheney:

A few years ago, Vice President Dick Cheney dismissed those of us who advocate energy conservation as dreamy do-gooders. Had he spent the last three years using his bully pulpit to push for conservation and alternative energies, rather than dis-

<sup>115</sup> It's the oil tanker that is 129,000 tons, not Rice, and, contrary to some reports, Rice the Homo sapien was appointed Secretary of State, not Rice the oil tanker.

missing them, we'd be a lot less dependent today on foreign oil. Oh, that is so naïve, says the oil crowd. Well, what would you call a Bush energy policy that keeps America dependent on a medieval monarchy with a king who has lost most of his faculties, where there is virtually no transparency about what's happening, where corruption is rampant, where we have asked all Americans to leave and where the education system is so narrow that its own people are decrying it as a factory for extremism? Now that's what I'd call naïve. I'd also call it reckless and dangerous.

By religiously opposing energy conservation, the Bush administration made the U.S. more dependent on foreign oil, which in turn greatly distorted and misguided its foreign policy.

By helping prop up rightwing oil dictatorships such as Saudi Arabia, which provides funding, arms and support to many terrorists groups, Bush and the GOP are helping finance *both sides* in the war on terrorism.

Contrary to the Bible and common sense, the faith-based Bush administration is engaged in a war against God's world. In Bush's dictionary, "environment" and "conservation" are four-letter words.

The Bush administration devotes more energy to deceptive marketing campaigns and slogans than it does to protecting America's environment for future generations. For example, the so-called "Clear Skies Initiative" actually increased air pollution and degraded human health by weakening pollution laws. The so-called "Healthy Forests Initiative" is welfare for the logging industry, and it does not make forests healthy.

Unfortunately for both America and the rest of the world, America's top two leaders are Texas politicians with oil on the brain and oily money in their bank accounts. They favor the oil industry at every opportunity and refuse to address the reality of a world that will run short of oil. It is simply a matter of time before the rapidly increasing demand for oil outstrips the ability of oil-producing nations to squeeze oil from Mother Earth at a price that does not trigger global depression and additional oil-based conflicts.

Of course, when it comes to the *price* of oil, the interests of consumers and oil producers and profiteers diverge 180 degrees. That's one clue as to why the Bush administration sets Neanderthal energy policies. Bush's oil cronies and multinational oil companies love it when the price of oil skyrockets. That's when the good old times start rolling in oil producing areas of West Texas, including Bush's hometown of Midland, and sales of Hummers and huge SUVs jump. Happy plump executives and directors in oil company boardrooms gleefully rake in the record compensation that they together set for themselves. In an oily love fest, ayatollahs and dictators in Iran and Saudi Arabia wear the same smiles as their oily counterparts in Texas.

Notwithstanding record profits, Big Oil continues to receive billions of dollars in tax breaks and subsidies, thanks to the GOP Congress. Sometimes it received this largesse without even having to ask. In return, Big Oil is the biggest donor to the GOP and Bush's campaigns.

Compensation for oil company executives has gone through the roof, even faster than the price of gasoline. The average annual pay of oil company executives is more than \$32 million, almost three times the average compensation of CEOs at the largest 350 U.S. corporations, which in turn is a multiple of CEO compensation at compara-

ble foreign companies. The three highest-paid oil company CEOs in 2005 each took home an average of more than \$80 million in loot.

When Lee Raymond, the chairman of Exxon, and other oil company executives were hauled before Congress in November 2005 to explain skyrocketing gasoline prices and record oil industry profits, Raymond and other oil executives said it was just a matter of supply and demand. "We're all in this together, everywhere in the world," Raymond testified. Well, not exactly—unless both rapists and their victims are viewed as being "all in this together." Raymond retired at the end of 2005 with a retirement package worth \$400 million, apparently the largest ever for an American public company.

Raymond serves as chairman of the conservative American Enterprise Institute, the rightwing neocon propaganda mill that helped shape the catastrophically failed foreign policies of the Bush administration.

Raymond's company, Exxon, actively opposes prudent environmental policies and is a leading exploiter and despoiler of God's world. It may be just a coincidence that Raymond was president of Exxon at the time of the Exxon Valdez tanker disaster in Alaska in 1989 when 30 million gallons of crude oil were spilled into Prince William Sound.<sup>116</sup> To commemorate Bush's disastrous environmental actions, the infamous Exxon Valdez should be renamed the Exxon Valdez Bush in his honor.

Exxon generates an enormous amount of disinformation regarding global warming. It is a major obstacle to energy independence for America, and its propaganda, money and political influence jeopardize America's strategic security interests. But none dare call it treason.

Phillip Cooney, the former chief of staff of the Bush White House's Council on Environmental Quality, left his position in 2005 after *The New York Times* exposed his editing of scientific government reports so as to downplay the impact of human activity on global warming. Cooney, a political appointee with no scientific credentials, was quickly rehired by—guess who—Exxon, the world's number one corporate enemy of God's creation. The U.S. House Committee on Oversight and Government Reform in March 2007 released documents showing hundreds of instances in which Cooney made changes, which, according to Committee Chair Henry Waxman, suggested a "systematic White House effort to minimize the significance of climate change." (These documents saw the light of day only after the GOP lost control of Congress in 2006.) Before his oily stint in the Bush administration, Cooney worked for the American Petroleum Institute, where as "climate team leader" he was paid royally to deny climate change.

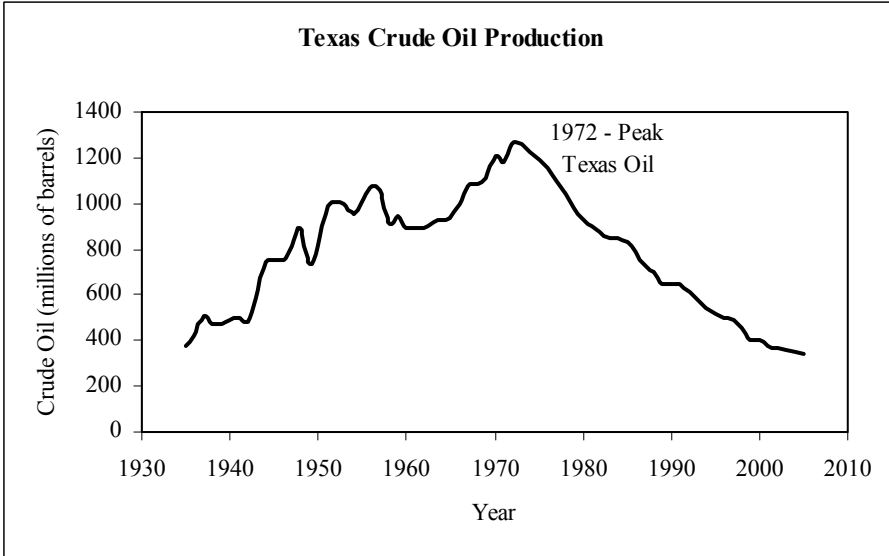
Cooney epitomizes the well-oiled revolving door between GOP-style government and Big Business, with countless political hacks going from oily position to oily position to oily position. There's a rumor, which I'm now starting, that candidates for positions in the Bush administration, in addition to proving their rightwing Christianist credentials, must also prove their loyalty by pimping their mothers for a 55-gallon barrel of crude.

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<sup>116</sup> The infamous Exxon Valdez, now named "The Sea River Mediterranean," operates under the flag of the Marshall Islands and is prohibited by law from entering Prince William Sound.

Here are several additional interesting data points—perhaps gentle signals from God—that should serve as bellwethers of things to come:

- The fabulous Texas oil fields have seen their best days. By 2004 daily oil production in Texas had declined to about 360,000 barrels, about one-third of what it was in 1978, the last year in which Texas oil production broke 1,000,000 barrels a day. Fortunately for oil tycoons but not consumers, higher oil prices have helped offset the decline in oil production. Texas is rapidly becoming an empty oilcan.



- The same applies to the rest of America. Serious oil production in Alaska’s North Slope started in 1978, the year after the completion of the 800-mile-long trans-Alaska pipeline that moves oil from the North Slope to the ice-free port of Valdez. By 1988 North Slope production had peaked at 2 million barrels per day. Since then it has steadily declined, and by 2006 it was at only 45% of its peak. It seems like only yesterday that the North Slope oil resources were discovered and the pipeline opened.
- Since the North Slope is over the hump and rapidly on its way to depletion, the Bush administration wants to also exploit and empty the Arctic National Wildlife Refuge (ANWR.) One advantage of the GOP’s “burn it now” agenda is that future generations of Americans won’t have to worry about managing this wonderful natural resource—there will be nothing left to manage.
- U.S. crude oil production peaked in 1970 at more than 11 million barrels per day, and it has been on a decline ever since, notwithstanding the opening of Alaska’s North Slope in 1978.

- By the end of 2005, U.S. crude oil production had dropped to 4.86 million barrels per day, which is *less than 45%* of America's peak production in 1970.
- By 2005 America was producing less oil than it did in 1950, when its population was less than half its 2005 total.
- The 1970 record oil production represented *more than 40%* of total world production, but it was still not enough to meet America's appetite for oil—almost 15 million barrels per day in 1970.
- Much is written about the definition and timing of “global peak oil,” and it is a question of when, not if. Given the long lead time needed to transition to meaningful conservation and alternative energy sources, global peak oil is effectively staring America in the face.
- As many as 54 of the top 65 oil producing nations have already passed through, or are now experiencing, their “peak oil.” As previously noted, America passed through its peak oil in 1970, having used its limited oil resources earlier and faster than any other nation.
- Saudi Arabia, Iraq, Iran and Russia head the short list of nations with huge oil reserves that have not yet hit their peak oil. With increasing speed each year, rudderless America, paralyzed by the *do-nothing* Bush administration, is sliding down a slippery crude oil slope, dissipating its wealth, strategic power, and ability to control its own future, while at the same time increasing the economic and strategic advantage of foreign powers unfriendly to America.

That's the sad story on the production side. What has happened on the demand side?

- America continues to be the oil pig of the world, with enormous implications for U.S. policy and security.
- With 5% of the world's population, the United States consumes about 25% of the world's oil. Consumption by the rest of the world, especially China and India, is rising even more rapidly.
- In 1950 America consumed about 5 million barrels of oil daily, about equal to what it then produced.
- In 1970, the year of America's peak oil production, America consumed almost 15 million barrels of oil per day, about 4 million barrels *more* than it produced.
- By the end of 2005, U.S. oil consumption had increased to about 21 million barrels per day, while U.S. production, as noted above, had dropped to 5 million barrels. America now has to import *more than 75%* of the oil it consumes.
- By way of comparison, at the time of the 1973 oil crisis, during which Americans endured closed gas stations and gas lines blocks long, the United States imported *less than one-third* of its oil. America at that time was thus much less susceptible to the “oil weapon” than it is now under the Bush regime, which has made things worse with its “head in the sand” and “army in the sand” energy policies. During the 1973 energy crisis, the seven Arab nations in OPEC plus Egypt and Syria announced an oil embargo against the

nations (the United States, Western Europe and Japan) that supported Israel in the fourth Arab-Israeli war, also known as the “Yom Kippur War” and the “Ramadan War.” At the same time, OPEC took actions to greatly increase the price of oil. It later came to light that Egypt and Saudi Arabia secretly met and agreed before the Yom Kippur War to use the “oil weapon.”

- Under Bush’s and the GOP’s watch, not only has the total amount of imported oil increased each year, the *percentage* of our oil consumption that is imported has also increased each year.

Not fans of reality, the oil addicts in the Bush administration believe they can drill their way out of America’s energy hole. That is simply not possible.

- In 2004 there were only 1,200 rigs actively exploring for oil and natural gas in the United States, a drop of almost three-quarters from the 1981 peak of 4,530 rigs. This drop occurred notwithstanding a huge increase in the price of oil and reflects the fact that almost all of America’s oil has already been discovered.
- The United States has lots of oil wells, more than 500,000, but they on average don’t produce much—slightly more than 10 barrels of oil per day each. On the other hand, Saudi Arabia has only 1,500 producing wells, but they average about 5,000 barrels per day (500 times the U.S. average.)

The Bush regime and the GOP are like a pack of dogs adrift in a lifeboat that decides on the first day to eat all the dog food.

Their energy policies have made America much more energy dependent than when Bush took office. America now imports much more oil than in 2001, with increased dependence on dictators and cartels.

It is as if Bush decided to play Russian roulette with dictators, but after foolishly loading bullets into all six chambers of his six-shooter, Bush then says to Iranian President Ahmadinejad, “I’ll go first.”

America must move away from both its fossil fuels and its fossil fools.

In Part V of this book (“Tools of the Trade,” Chapters 13-18) we focus a bright light on many of the duplicitous and illegal tools used by the GOP to seize power and wage its War on Iraq and its War on America.