

# Intervention Magazine

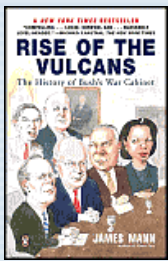
War, Politics, Culture

## Book Reviews

### Rise of the Vulcans

By James Mann

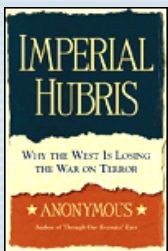
Reviewed by  
Lawrence J. McNamee



### Imperial Hubris: Why the West is Losing the War on

War on

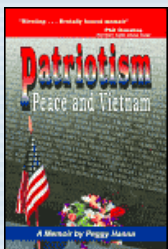
By Michael Scheuer  
Reviewed by Robert  
C. Cheeks



### Patriotism, Peace, and Vietnam

By Peggy Hanna

Reviewed by Scott D.  
O'Reilly



## Commentary: Bush's Voodoo Economics

America's trade deficit is rising and the dollar is falling. So what do George Bush's economic policies portend for America's future?

By Scott D. O'Reilly

"Deficits don't matter"



according to one highly placed administration who spends much of his time in a secure location. Perhaps if you live in a reinforced bunker that's true, but the for the rest of us deficits do matter; over the past three years the dollar has fallen 50 percent against the euro and by 25 against the yen.

This is a direct result of America's twin deficits – the federal account deficit and the trade deficit. Simply put, Americans are buying more in goods and services than they produce, and more than they can afford. The government under Bush has done the same, slashing taxes while dramatically increasing spending at the same time.

The Bush administration can get away with this, of course, because our credit is still good – the Chinese, Japanese, and Europeans are only too happy to lend us money to buy their products. So it was more than a little curious, last week, when the president of the United States stood outside the Bureau of Public Debt in Parkersburg, W.Va. and implied that the more than \$1.7 trillion in U.S. Treasury notes that make up the Social Security

## Quoted

"The Terri Schiavo freak show was so deeply crazy, so unhinged, such a brew of religiosity and hypocrisy and tabloid sensationalism, just maybe it is clueing people in to where the right's moral triumphalism is leading us." -- **Katha Pollitt**, *The Nation*

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## Poetry



Calling Allen Ginsberg  
By **Lydia Howell**

Coaching Winter Track in Time of War  
By **W.D. Ehrhart**

The Truth Is Not Hidden  
By **Jim Bush**

## Search

## Hell's Angels

By Hunter S. Thompson

Reviewed by Stewart Nusbaumer



### Main Menu

- Home
- Mission Statement
- Magazine Staff
- Writers Guidelines
- Contact Us

### Creation/Evolution



## Creationist Terror in American Classrooms

By Frederick Sweet

## Genesis by Observership

By Scott D. O'Reilly

## Evolution vs. Creationism

By Frederick Sweet

## Creation Myths vs. Evolutionary Stories

By Joseph Smigelski

trust fund aren't really worth the paper they are printed on.

The president, as usual, was being both truthful and misleading at the same time. It is certainly correct, as Bush claimed, that the Social Security trust fund does not consist of "real assets" – like gold or greenbacks. Instead, in a rather neat alchemical trick, real money – the kind you can spend – is withheld in the form of a highly regressive Social Security tax from each wage earners' paycheck where it is promptly diverted to pay for Federal spending unrelated to Social Security after being replaced by a Federal I.O.U.

All those I.O.U.'s, in case you were wondering, will be paid for by you -- John or Joan Q. Public -- in the form of higher taxes needed to pay back the interest and the principal on the U.S. Treasury bonds 'guaranteeing' your Social Security benefits. No, this idea didn't originate with Bush administration. But if you think about it long enough borrowing money to pay for Bush's tax cut was the perfect way to turn gold into lead for wage earners.

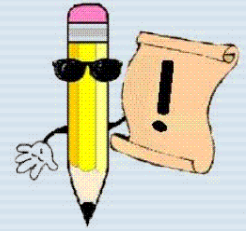
Of course, if you earned your money the old fashioned way – you inherited it in the form of a private trust fund (and you don't have to rely on a risky scheme like Social Security, which might not be there when you retire anyway) – having the government borrow money to give you a tax cut here and now is the equivalent of getting money for nothing.

There's nothing inherently wrong with borrowing money, of course, provided one spends it wisely and has a reasonable plan for paying it back. But this is why Bush's remark that, "There is no trust fund. Just i.o.u.'s that I saw firsthand," is so disconcerting. The Chinese and others are likely to keep lending us money so that the United States can continue its spendthrift was, only so long as they believe we'll pay them back. The falling dollar is an indication that foreign investors are losing confidence in America's fiscal responsibility. If America's trade imbalance continues to grow foreign investors will insist on a risk premium in the form of higher interest rates.

Of course, the U.S. taxpayer will bear the burden of financing the increasing yields of U.S. treasury notes even as rising interest rates will mean higher monthly mortgage payments, effectively functioning as a stealth tax on ordinary Americans. Increasingly, wealth will be transferred out of the United States at an ever-accelerating rate.

If all this wasn't bad enough, an increasing number of Americans will soon be hit with what is known as the Alternative Minimum Tax. Enacted by Congress years ago the A.M.T. was designed to ensure that wealth taxpayers could not avoid paying taxes altogether through deductions and loopholes. The

### Language



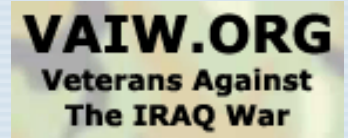
## A Fine Hand

By William Marvel

## Nitwit Nation

By Penny Stone

### Vets Link



### Archives

#### Features

- Articles & Essays
- Dispatches
- Profiles

#### Departments

- Commentaries
- Books
- Book Briefs
- Films
- Humor
- Music

#### Columnists

- Arianna Huffington
- Jim Hightower
- Danny Schechter
- Dave Pell
- Fred Reed
- Penny Stone

#### Literature

- Fiction
- Poetry

## Intervention Classics



### Grace Under Pressure By Valerie Davison

Is Nancy Grace of Court TV a feminist or traditionalist? Probably both, as well as controversial, irreverent and smart.

### "Chosen by God to Lead America" By Rick Friedman

Having received the green light from "above," Christian George is about to unleash a holiness that just might Armageddon all of us.

## Make A Contribution



problem, however, is that the A.M.T. was never indexed for inflation and as a result an increasing segment of middle class Americans will soon find themselves facing a huge tax hike.

The cost of reforming the A.M.T., which nearly everyone agrees will unfairly punish ordinary taxpayers, is estimated at \$1.3 trillion dollars, or about the same cost as the first round of Bush's tax cuts. And, as if to heap further irony upon injury, the Bush administration has already counted the increased revenue expected from the A.M.T. as offsetting the costs of its previous tax cuts. In other words, without A.M.T. revenue the Bush budget projections would be even direr. It doesn't more cynical than counting on revenue from a tax that for political reason the administration will have to find some way to get rid of.

Billionaire John Paul Getty once said, "If you owe the bank a hundred dollars, you've got a problem. If you owe the bank three trillion dollars, the bank has a problem." The Bush administration is clearly counting on such logic, assuming our foreign lenders will have so much at stake in the U.S that they can't possibly let America fail. For now this arrangement has something for everyone: foreign lenders loan us money to buy their products and they send us I-Pods while we send them I.O.U's. As long as the I.O.U's go out and the money comes in the Bush administration can afford to cut taxes and raise spending, just as ordinary Americans can use one credit card to pay off another (ad infinitum if necessary).

Several years ago a financial crisis in Russia was precipitated when the Russian government realized, too late as it happens, that they [Russian government] had actually bought back, in a complex financial transaction, the very same Russian treasury bonds that had been issued on their behalf to raise investment capital. (Well, if you believe that the Russian government was ever going to pay itself back, have I got a submarine for you). The lesson there is that the minute someone realizes they've been had they'll pull the plug and the entire financial house of cards will come tumbling down. But if Bush's voodoo economics helps precipitate a fiscal meltdown don't say George didn't give you a heads up. After all, as Bush said about his tax cuts, "It's your money, you paid for it."

**Scott D. O'Reilly is an independent writer with degrees in Philosophy and Psychology who has been published in *The Humanist*, *Philosophy Now*, *Think*, and *The Philosopher's Magazine*. You can e-mail Scott at [neuroscott@aol.com](mailto:neuroscott@aol.com).**

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- **Bush's Voodoo Economics** (04/13/05)
- **Americans Increasingly Reject Bush** (04/09/05)
- **A Strange and Terrible Saga** (04/07/05)
- **Rise of the Vulcans** (04/04/05)
- **George Bush On Mercury Pollution: Don't Eat Tuna Fish** (04/03/05)
- **Never Again in Neverland** (04/01/05)
- **Billions for War, Garage Sales for Soldiers** (03/31/05)
- **Mr. Magoo Flying America into Disaster** (03/30/05)
- **Imperial Hubris** (03/28/05)

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