

The media payola scandal keeps growing. First it was Armstrong Williams, the right-wing commentator who got caught taking \$240,000 from the U.S. Department of Education to shill for George W's "No Child Left Behind" education law. "Just a bad apple," said The Powers That Be.

Then came news that Maggie Gallagher, another right-wing commentator, pocketed some \$40,000 from the government to shill for Bush's "strengthening marriage" program. Now we learn that Michael McManus also was on the government payroll while writing golden reviews of the marriage program in his column, which, ironically, is titled "Ethics & Religion." These faux-journalists have been roundly castigated for thumbing their noses at journalistic ethics.

But wait a minute. It takes two to play the payola game—the corrupters as well as the corruptees. Bush & Company are using your and my tax dollars to pay the media to propagandize you and me. Who are the officials diverting our tax funds into propaganda? Which Bush operative devised this system? And why aren't all of these Bushites being publicly castigated...and fired?

George now says his government will no longer pay journalists. But we also need to stop their surreptitious deployment of VNRs—video news releases—which are "news" stories prepared by Bush officials and narrated by actors posing as reporters. They appear on hundreds of TV stations reaching millions of households.

To help stop Bush's covert propaganda program, call The Center for Media and Democracy: 608-260-9713.

THE SEC SURRENDERS

In 2002, outrage erupted over the raw ugliness of CEO greed at Enron, WorldCom, Tyco, and so many others.

—continued p. 2



LOWDOWN

■ Edited by Jim Hightower and Phillip Frazer ■ Vol. 7 No. 3 ■ March 2005

Last year's Big Lie was a grab for oil; this year's is for our Social Security trillions

Social Security ain't broke, so don't fix it, tweak it

"He predicted Social Security would go broke in 10 years and said the system should give people 'the chance to invest money the way they feel' is best."

USA Today, citing George W. Bush's determination to privatize Social Security.

The uniqueness of this prediction by our privatizer-in-chief is not in what he said, but when he said it: way back in 1978! Yes, the very guy who is now warning us so apocalyptically that our Social Security system

"will be flat bust, bankrupt, unless the United States Congress has got the willingness to act now" was making the same erroneous, Chicken Little prognostication three decades ago while running (unsuccessfully) for a West Texas congressional seat. In fairness, that was during his drinking period, so maybe he was DWI (Driving While Ignorant) when he said it—but what's his excuse today?

Let's be clear about one thing: Social Security works. It is a phenomenal success, having achieved (and continuing every day to achieve) its noble purpose, which was stated plainly by FDR when he signed the legislation in 1935: "We have tried to frame a law that will give some measure of protection to the average citizen...against poverty-ridden old age."

Social Security was never meant to be an elaborate investment scheme geared to maximizing returns, but a simple, straightforward social insurance program through which all Americans strive to see to it that none of us spends our golden years destitute. The key word is "security"—it's not intended to be yet another roll-the-dice stock market gambit. By putting money from each of our paychecks into this common pool during our working years, each of us is guaranteed a modest monthly check (now averaging \$1,184) to provide a basic level of dignity, independence, and security in retirement.

Before this program, two thirds of Americans spent their last years in cold, hard, often-desperate poverty. Today only 10% of seniors fall below the poverty line.

Into the abyss

The program has achieved its goals with stunning efficiency, holding administrative costs to a mere 0.6% of annual benefits—a level that should make private pension executives blush at their own profligate level of 15 to 20% of benefits siphoned into corporate overhead.



George W, feeling the political heat, denounced their greed and installed a new sheriff at the SEC, the agency in charge of protecting shareholders and the larger public from out-of-control corporate chieftains. But two and a half years later, the CEOs are no longer running away. Instead, they're running the SEC.

To quell the outrage, the SEC had proposed a mild-mannered reform requiring that boards of directors that supposedly serve as a check on CEO actions not be entirely chosen by CEOs. Large shareholders would be allowed to put forth their own independent nominees for a couple of board seats.

Good grief, shouted the CEOs in unison. The Bolsheviks are coming! They mounted a massive lobbying campaign with Bush and Congress to get the SEC to stop putting limits on their totalitarian rule—and last year Bush himself joined them, flush as he was with campaign cash from CEOs. Sure enough, in February 2005 SEC officials meekly ruled that this proposed reform had become "stale" with the passage of time, so they dropped it.

THE IRONY OF NEOCON THEORY

Reality can be hard on theorists—just ask that gaggle of neoconservative geniuses who pushed George W's invasion of Iraq.

The beautiful theory invented by Paul Wolfowitz, Richard Perle, and Bush's other Big-Thinker war hawks (none of whom have ever actually been in a war) was that crushing Saddam Hussein would instantly cause a pro-American democracy to flower. You might recall they told us that grateful Iraqis would shower U.S. troops with rose petals and kisses, Halliburton would quickly rebuild the country's infrastructure, a pure capitalist economy would be imposed, and our troops would be home by summer, having turned over power to a secular government, largely

—continued on p. 3

Yet this is the program that George urgently says he must "fix." Because Social Security enjoys phenomenal public support (drawing approval ratings of nearly 90%), he cannot assail the program itself. Instead, the Bushites and a menagerie of corporate think-tankers, right-wing pontificators, and PR consultants are posing as the "saviors" of Social Security. And oh, what a show they've been putting on, wailing and moaning dramatically that our public pension fund faces a crisis of Biblical proportions! "A Titanic," shrieked one of our saviors. "Train wreck," shouted another. "On the verge of collapse," squawked still another. A fourth gasped, "Cancer."

Driving all these alarms of impending doom, which antigovernment ideologues have been ringing for 30 years, is one big lie: Social Security is going broke. "First step," Bush solemnly declared in December, "is to make sure everybody understands we have a problem."

If this sounds eerily like an echo of the Bushites' five-alarm warnings in 2002 that Saddam Hussein had WMDs that were threatening America with "a mushroom cloud," it's because they are following the exact same political playbook for their assault on Social Security: Assert The Big Lie of a looming crisis while simultaneously demanding that Congress authorize The Big Rush into the ideological abyss where The Big Mess awaits.

George W proclaims that the drop-dead date for Social Security is nigh upon us. Prepare for 2018, he bleats—only 13 years from today! In that year, he direly forecasts, "you're either going to have to raise the taxes of the people or reduce the benefits." A tsunami of retiring Baby Boomers will have hit the program, says the doomsayer in the White House, and the trust fund will cross the line "into red."

Spooky. Only, Bush is lying. What happens in 2018 is merely that the amount of money being paid out to

retirees will begin to exceed the amount being collected at that time in Social Security taxes. A crisis? Not at all. Indeed, the system has slipped into such a temporary deficit several times—and each time, the fund's trustees did what they can do again in 2018: Dip into the program's surplus, just as a family would dip into its rainy-day fund.

Surplus? Yes. What the Bushites try to hide is that Social Security actually is extraordinarily healthy. Thanks to modest adjustments made by Congress in 1983, the Social Security trust fund has been collecting way more in taxes than it pays out (about \$150 billion will be stored up this year alone), and it will continue to amass these huge surpluses until at least 2018, when it will have some \$5 trillion in assets. Far from being "flat bust," the system can then begin drawing on these monies. Or, with relatively minor tweaks in financing the program, we can avoid the deficit of 2018 altogether.

But even if no adjustments are made, Social Security is so sound financially that it can guarantee that every retiree will continue to receive full benefits at least until 2042 (the nonpartisan Congressional Budget Office says until 2052)—a time so distant, by the way, that nearly all of the dreaded Baby Boomers (including the Bushites) will be dead. Okay, concede the Bushites, it's not 2018, but 2042 when the bell tolls. Picky, picky. But that year the program really will be absolutely "exhausted and bankrupt," as George flatly declared in last month's state-of-the-union diatribe. So, see—we're still right that Social Security is doomed unless we perform radical surgery on it, pronto.

Hold your scalpel right there, privatizer-breath. Saying that the program goes kaput in 2042 is another lie. Again, even if Congress does nothing at all to adjust the financing, the trust fund will still be taking in enough money in payroll taxes after 2042 to pay 80% of currently scheduled benefits for all retirees for the foresee-

able future—at least until 2075. Name me a corporate pension plan that can make such a statement!

Bugaboo

Well, say the wild-eyed fixers to younger Americans, if the "crisis of 2018" (or 2042, or whatever) doesn't scare you, try this: You're more likely to see a UFO than to see a Social Security benefit check in your lifetime.

The claim here is that even if the system does not go bankrupt, future retirees still will be stiffed because the trust fund has been looted repeatedly by previous presidents to finance their pet political projects. The Bushites tell us that these scoundrels took the trust fund's cash, spent it, and left the fund with nothing but a bunch of "worthless IOUs." It's "all trust and no fund," snorted one privatizer.

Two problems with this screed. First, George himself has been the most energetic raider of the trust fund in history, taking billions out to cover both his war adventures and multitrillion-dollar tax giveaways to the rich.

Second, those "worthless IOUs" are U.S. treasury bonds, the next best thing to gold. Repayment of these bonds is a solemn obligation of our nation's government. They have the same status as the government bonds held by the likes of Bill Gates and other Wall Street high rollers, as well as by Japanese pension funds, the government of China, and other foreign investors.

By law, the government MUST pay the principal and interest on all of these debts, specifically including the money "borrowed" by Bush and his predecessors from the Social Security trust fund. Only two things could keep Uncle Sam from making good on this pledge to retirees. One would be a general fiscal collapse in which the U.S. government defaults on all of its debts, essentially declaring bankruptcy. The other would be passage of a law that singles out seniors, declaring by fiat that the govern-

Do something!

Readers can sign a petition and send it to their congress critters at <http://www.unionvoice.org/campaign/ProtectSocialSecurity>.

Or you can email congresspersons and senators to oppose private accounts at <http://www.aarp.org/socialsecurity>. Go to <http://www.ourfuture.org> to learn how you can join the fight!

In our February issue, we suggested calling PIRG (Public Interest Research Group), to talk about credit-card gouging. The correct phone number is 202-546-9707.

ment's general revenue fund will not pay the debt it owes to retirees. For our country to default on its debts is unthinkable, and for Congress to decide that Bill Gates and foreign bondholders must be paid but that Grandma and Grandpa America will not have their bonds honored is unforgivable.

Bluntly put, anyone who tells you that our nation's retirement trust fund is either empty or an empty promise is lying. The trust fund is there, it is sound, and its promise is absolute...unless we let Bush and Congress mess with it to suit their ideological fancy.

Mr. Fix-It

Social Security needs tweaking, not smashing. Yet by constant crisis-mongering, Bush & Gang have bamboozled much of the media and a significant percentage of the public (especially younger people) into believing that the problem is immense, immediate, and can only be resolved by "bold and decisive action." In a word, privatization.

Oops, my mistake. Bush propagandists have recently decreed to the media that his scheme of "private accounts" for Social Security must now be referred to as "personal" accounts. It seems they've learned that "privatization" stinks as a sales term, polling so poorly that Karl Rove is trying to ban it from public use. Even though Bush himself had been parroting the "private account" phrase endlessly since the November election, he suddenly turned prickly in January and scolded a reporter for using it. "You mean the personal savings account," he snipped.

Another lie. No matter what kind of lipstick they put on their pig of a proposal, it's privatization they're pushing. Pathetically, however, most of America's corporate media immediately capitulated, switching

Frist takes a bath

Before we buy the Bushites' assurances that "anyone can be a winner" on Wall Street, we might consider the experience of Bill Frist, the GOP majority leader of the Senate and a key Bush ally in pushing our Social Security funds into the stock market. After his election in 2000, Sen. Frist had a sizeable surplus in his campaign fund, which he tucked into a supposedly safe stock index fund run by Charles Schwab & Co. (Schwab himself, by the way, is a keen backer of Bush's efforts to create privatized Social Security accounts).

But Frist's own foray into the glorious sphere of market speculation has worked out less than happily for him. Far from profiting, as of last December, his campaign had lost \$460,000 in its four-year run with Wall Street's wolves! If this guy (who is a doctor and former HMO executive, as well as a U.S. senator) can't make the market work for him, when he has all sorts of aides and expertise available to help, why does he think it's a place the rest of us should trust with our retirement money?

the language to the more poll-friendly "personal accounts."

At first, it sounds like there's something good in Bush's plan: Let workers "own" their retirement by taking some of their monthly Social Security tax payments out of the system and investing that money in the stock market, thus giving them the possibility of retiring rich. But the plan is riddled with lies, sleights-of-hand, hidden costs, voodoo, and wishful thinking.

Here are some of the Bushites' claims, versus the reality:

- *We're only letting workers divert 4% of their wages into these private accounts, so what's the fuss?* The fuss is that they're using Bush-style math to make the diversion of money seem trivial. The Social Security payroll tax is 12.4% of each worker's wage, so siphoning off four percentage points means a 32% reduction in payments going into the trust fund—a one-third cut that would drastically undermine the program's financing and force a huge cut in benefits.

- *Converting to private accounts will save Social Security. Since many workers will get retirement money in the future from the stock market, the government will not have to pay out as much in benefits, and, seamlessly, the system will be made "permanently solvent and sustainable."* Sure, Santa Claus, but what about those "transition costs?" Social Security takes in money from today's workers and pays out to yesterday's workers. Bush's plan would break the flow, diverting up to a third of the incoming funds while still having to pay all of the out-going obligations during the next several decades. This will quickly drain the trust fund...and more. Even on the wild assumption that the stock market will some day be a retirement gold mine, where will George get the money to pay benefits in the interim? By borrowing. A lot. When pushed, the White House admits that transition costs will run about \$2 trillion, but even that's a lowball

handpicked by Bushites. Of course, the reality is that our troops remain mired there, showered with bombs and bullets rather than love. The economy is just as disastrous, and far from becoming a Mideast bastion of American empire, Iraq has become an incubator for anti-American terrorists.

But the greatest embarrassment for neocon theorists is that the recent elections in Iraq produced the exact opposite of what they assumed. The plan was for secular Iraqi politicians long allied with the CIA to be in charge, giving us an Arab ally that would side with the U.S. on everything from oil prices to Israeli policy.

But—oops—the candidates of the neocons got skunked! A religious slate handpicked by Iraq's top Shiite Muslim leader won the election. The new rulers have longstanding and very close ties not to us, but to that Islamic republic right next door in Iran...the very country that the neocons want to attack next.

BIOWILLIE

Have you got "BioWillie" in your tank?

I'm talking about a clean-burning alternative fuel that Willie Nelson is helping to market through a new company called Willie Nelson Biodiesel. What is it? It's essentially vegetable oil, mainly from soybeans, though the used frying oil from Dunkin' Donuts or Sid's Greasy Spoon also works.

ExxonMobil and the like don't want you knowing this, but if you take veggie oil and process it slightly to remove the glycerin (which is what soap is made of) you have a ready-to-go fuel for diesel engines. Whether you have a diesel pickup truck or a Mercedes, it'll run on this stripped-down veggie oil without requiring any modification to the engine. Just tank up and go!

French inventor Rudolf Diesel's original engines ran on vegetable oils. Nelson and partners are following suit, working with truck stops and convenience stores to market

GET THE LOWDOWN!

YES! I want to receive a full year of *The Hightower Lowdown*—12 issues in all—for an unbelievably ridiculous, low, low price.

- Send me one year of *The Hightower Lowdown* for just \$15. (Seniors & students—\$12.)
- Send me two years of the *Lowdown* for \$27. (Seniors & students—\$22.)

To give a gift of the *Lowdown*, enter the recipient's name and address below and include your name and address on a separate sheet.

NAME _____
 ADDRESS _____
 CITY _____ ST _____
 ZIP _____

Mail this coupon with your payment to: ***The Hightower Lowdown*, P.O. Box 20596, New York, NY 10011**

03/05

The LOWDOWN

EDITORS: Jim Hightower, Phillip Frazer
COPY WIZ: Gwenda Blair **ARTISTE:** Matt Wuerker
DESKTOP: Sahu Barron **CIRCULATION:** John Ernst
RESEARCH: Laura Ehrlich, Sean Doles
PUBLISHER: Phillip Frazer

The Hightower Lowdown (ISSN 1524-4881) is published monthly by Public Intelligence Inc., 375 South End Ave #14P New York NY 10280. © 2004 in the United States. Periodicals postage paid at New York, NY. Subscriptions: 1 year, \$15; 2 years, \$27. Add \$8/year for Mexico or Canada; add \$12/year for overseas airmail. Back issues \$2.00 postpaid. **Allow 4-6 weeks for receipt of first issue and for all subscription transactions.** POSTMASTER: Send address changes to: *The Hightower Lowdown*, P.O. Box 20596, New York, NY 10011. Moving? Missed an issue? Call our subscription folks toll-free at (866) 271-4900 or write lowdown@pipeline.com. Send us fan mail or hate mail at: P.O. Box 20511, New York, NY 10009-9991 or editors@hightowerlowdown.org. Printed with 100% union labor on 100% recycled paper.

their veggie-based fuel. Sold under the BioWillie brand, its average price is \$1.79 a gallon. The major concentration of biodiesel pumps is in the Midwest, but Nelson hopes to spread distribution from sea to shining sea.

Not only do you get a fuel that is better for your engine at a competitive price, but biodiesel also is much better for the environment, and your exhaust fumes can smell like donuts! Oh, and Willie notes that there's one more big plus—we can put "farmers back on the land growing fuel and keep us from having to start wars for oil." Rep. Denis Kucinich is preparing legislation to help develop this new product. For information, call 202-225-5871.

THE GOOD AND THE BAD OF PILLS

In the swirl of statistics constantly spinning around us, here's one that caught my eye: The fifth-leading cause of preventable disease and death in America is our medicines.

Specifically, adverse reactions to prescription drugs are responsible for 100,000 deaths a year. This stat is from a book called *Worst Pills, Best Pills*, just published by the Health Research Group of the consumer watchdog organization Public Citizen. In 900 easy-to-use pages written in plain English, the book tells you the pluses and minuses of the medicines you or a loved one might be taking.

The Health Research Group finds that 53 top-selling prescribed drugs "should not be taken under any circumstances." It also lists 181 drugs under its "Do Not Use" category—ranging from antidepressants to toenail-fungus drugs—and offers safer alternatives for each. With pharmaceutical sales reps hustling their brands to doctors and slick drug ads on TV hustling us consumers, the book's researchers conclude that "the greatest epidemic of drug abuse in American society is among those patients who are the victims of misprescribing or overprescribing."

For more, call *Worst Pills, Best Pills* at 800-289-3787

deceit. It only covers the first decade of the transition. Decade two will cost \$3 trillion, decade three \$5 trillion, and decade four another \$5 trillion. That's \$15 trillion (TRILLION!) worth of extra debt—plus interest—to be piled on the backs of future taxpayers in the vainglorious hope that someday privatization ideology might produce some savings in the distant future.

■ **Why should Americans be stuck with some stodgy guaranteed payout from Social Security when the stock market can double that or better? C'mon, let's let people do better than a government check—let's let 'em get rich!** If stocks were such a sure-fire ticket to profits, why wouldn't the Bushites take, say, the Pentagon budget and put it in the market each year? The truth, of course, is that stocks can do very well—but which stocks, in which years? If you'd had your Social Security nest egg in Enron and cashed out for retirement in 2000, you'd be in high cotton. But what if 2002 was your retirement year? Enron stock plummeted from \$90 to 57 cents a share in that span. Likewise, in 2000 the S & P 500's index of stock values topped 1500. In 2003, it was only half that. Besides, there's another little nasty hidden inside Bush's privatization fantasy: Fees. Tens of millions of workers will have their own private accounts, each run by a gaggle of Wall Street fund managers eagerly collecting (and creating) fees. As with your telephone or credit card bills, fees will multiply like bacteria—even Bush's handpicked Social Security "reform" commission

admitted in 2001 that the administrative costs of a privatized system will run 10 to 30 times more than our present system—and these fees will eat most of the gains that workers are theoretically supposed to get from investing in the market.

■ **Still, we're offering people free money to spin the wheel...and maybe hit a big one. And guess what, spoilsport? Polls show that the public supports our idea of private accounts!** There they go again—another flim-flam. It's true that on the general question of whether people should be allowed to invest some of their Social Security money in private accounts, 54% said it was a good idea. But here's the trick: The question fails to mention any of the tradeoffs in Bush's scheme. When informed that the government would have to borrow \$2 trillion in the first decade for transition costs—and that their guaranteed Social Security benefits would be cut—69% opposed the plan and only 21 percent approved. Indeed, even among young people 18-34 years old, a whopping 73% oppose Bush's privatization plan when they hear the downside.

Ironically, the age group that the Bushites are counting on to push privatization through is the one it will hurt the most: young people. Realizing that older folks are adamantly against this grab for their retirement money, Bush's operatives exempted everyone 55 or older. But, they calculated, 20-40 somethings don't pay much attention to retirement and are more open to the lure of the stock market.

Perhaps, but they're not saps. Here are the numbers:

■ Middle-class workers who're now

50 would be hit with a 10% cut in their guaranteed benefits when they retire in 2022.

■ Today's 30-year-olds who'll retire in 2042 will be cut by more than 25%.

■ By 2075, retirees will have their Social Security benefits cut almost in half.

It's more than numbers that the Bushites are hiding—it's their true intention, which is to gut the basic premise of Social Security. Today, the program provides retired middle-class workers earning about \$65,000 with an annual income of \$26,400—about 42% of what they were making before retirement. That's not the life of Reilly, but neither is it poverty. Bush would cut that guarantee for future retirees to \$14,600 a year—barely 20% of their preretirement incomes.

These extremist ideologues abhor the very idea of a government program that works.

"Social Security is the soft underbelly of the welfare state," says Stephen Moore, a privatizing guru from the far-right-wing Cato Institute. "If you can jab your spear through that, you can undermine the whole welfare state."

These people are not conservatives. They are utterly irresponsible, reactionary social theorists, and they now have George W as their point man. They're not out to reform Social Security, but to drive their spear through it, killing FDR's guarantee "against poverty-ridden old age" and replacing it with a new guarantee of insecurity. This is a fight not over a program, but over what kind of society we want to have.

Next Issue: Who's really behind Bush's privatization push? What can be done to strengthen Social Security without killing it? Who's on our side in this fight...and how can *Lowdowners* help?

www.hightowerlowdown.org

PERIODICALS CLASS
Postage Paid at
New York, NY

The Hightower Lowdown
P.O. Box 20596
New York, NY 10011

MOVING? MISSED AN ISSUE?

Please call or write us at:
The Hightower Lowdown
P.O. Box 20596
New York, NY 10011
lowdown@pipeline.com

Subscribers' toll-free number: (866) 271-4900

7:3 March 2005

SOCIAL SECURITY AIN'T BROKE

- 1 Bush's propaganda
- 2 The SEC surrenders/ Neocon theory
- 3 BioWillie/ Bill Frist's stock drop
- 4 Good and bad pills