

**THE BLOG**

My Goat Ate the Economy

By Marty Kaplan

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If George W. Bush had read *The Pet Goat* to his Economic Club of New York audience on Friday, his speech would have been no less infantile. If the first 9/11 was caused by a massive failure of intelligence about terrorism, the second 9/11 — the slow-motion collapse of the American, and maybe the global, economy — has been caused by a catastrophic failure of intelligence about Wall Street rapacity. If the now five-year-old Iraq war was the inevitable, tragic consequence of the neoconservatives' Project for the New American Century, then the subprime mortgage quagmire, the Bear Stearns bailout, and the foreclosure fiasco are the foreordained outcome of the Republican ideology which holds that regulation of corporate financial behavior is the domestic equivalent of Islamofascism.

The economic meltdown is the new 9/11, and it's George W. Bush's fault — his, and the fundamentalist free-marketeers who have been living high on the hog, feeding at the public trough, intimidating Democrats, and getting away with capitalist murder ever since Ronald Reagan made "government" a dirty word.

"An interesting time," Bush called it at the Economic Club. That's the financial version of Rumsfeld's "stuff happens" analysis when rioting and looting engulfed Baghdad. (Will the media celebrate that five-year anniversary, too?) Every cocky corporate titan who has been caught *in flagrante delicto* has been written off by Republicans as an isolated exception. Every ingenious, computer-assisted Ponzi scheme has turned out, Milton Freedman be praised, to be legal. Ken Lay and Jeffrey Skilling? A couple of bad apples. Pump and dump? In the eye of the beholder. Slice-and-dice derivatives? As patriotic as a flag lapel pin.

"Moral hazard" is a term given currency by today's subprime mortgage crisis. It means that people will take a stupid risk if they believe they won't have to pay a price if things go sour. Years ago, during the savings and loan crisis, the principle of moral hazard was front and center; gamblers like Neil Bush, of Silverado Savings and Loan, flourished because buccaneers of his ilk were protected from the downside of their speculation by no-fault taxpayer-funded insurance. (No doubt that's what his brother the President meant in his first inaugural about ushering in an era of personal responsibility.) Today, the Fed's rescue of Bear Stearns — the poster child of Wall Street greed and recklessness — has brought "moral hazard" back to the fore. Bear Stearns says these guiding principles are the blueprint for how it does business: "respect, integrity, meritocracy, innovation and a commitment to philanthropy." In the wake of the bailout, maybe they should switch their motto to Alfred E. Newman's: "What, Me Worry?"

“Moral hazard” is how we got into Iraq. Colin Powell’s Pottery Barn rule — “you break it, you own it” — is wrong. Bush broke Iraq, but we own it. Just as we, the taxpayers, are being forced to pay for the crockery broken by the Bush Party on Wall Street, we — the taxpayers, the soldiers, their families, and America’s reputation in the world — are being forced to pay the price for the hubris of the neocon “freedom agenda.” Is it too farfetched to compare Bush’s pardon of Scooter Libby with Ben Bernanke’s pardon of Bear Stearns? If you want to see why the insane risks of invading Iraq seemed so tolerable to the White House, look no farther than the unitary executive, the signing statements, and an opposition that would take impeachment off the table.

Toxic dumps are required to have warning signs on them. It would be fitting if schoolchildren saw a mandatory DANGER: MORAL HAZARD notice when, on a day that can’t come too soon, they enter the George W. Bush Presidential Library.

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