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Eight Years of Madoffs

By FRANK RICH
Published: January 10, 2009

THREE days after [the world learned](#) that \$50 billion may have disappeared in Bernie Madoff's Ponzi scheme, The Times led its front page of Dec. 14 with the revelation of another \$50 billion rip-off. This time the vanished loot belonged to American taxpayers. That was [our collective contribution](#) to the \$117 billion spent (as of mid-2008) on Iraq reconstruction — a sinkhole of corruption, cronyism, incompetence and outright theft that epitomized Bush management at home and abroad.

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The source for this news was a near-final draft of an as-yet-unpublished 513-page federal history of this nation-building fiasco. The document was assembled by the Office of the Special Inspector General for Iraq Reconstruction — led by a Bush appointee, no less. It pinpoints, among other transgressions, a governmental Ponzi scheme concocted to bamboozle Americans into believing they were accruing steady dividends on their investment in a “new” Iraq.

The report quotes no less an authority than Colin Powell on how the scam worked. Back in 2003, Powell said, the Defense Department just “kept inventing numbers of Iraqi security forces — the number would jump 20,000 a week! ‘We now have 80,000, we now have 100,000, we now have 120,000.’” Those of us who questioned these astonishing numbers were dismissed as fools, much like those who begged in vain to get the Securities and Exchange Commission to challenge Madoff’s math.

What’s most remarkable about the Times article, however, is how little stir it caused. When, in 1971, The Times got its hands on the [Pentagon Papers](#), the internal federal history of the Vietnam disaster, the revelations caused a national uproar. But after eight years of battering by Bush, the nation has been rendered half-catatonic. The Iraq Pentagon Papers sank with barely a trace.

After all, next to big-ticket administration horrors like Abu Ghraib, Guantánamo and the politicized hiring and firing at Alberto Gonzales’s Justice Department, the wreckage of Iraq reconstruction is what Ralph Kramden of “The Honeymooners” would [dismiss](#) as “a mere bag of shells.” The \$50 billion also pales next to other sums that remain unaccounted for in the Bush era, from the \$345 billion in lost tax revenue due to unpoliced [offshore corporate tax havens](#) to the [far-from-transparent](#) disposition of some \$350 billion in Wall Street bailout money. In the old Pat Moynihan phrase, the Bush years have “defined deviancy down” in terms of how low a standard of ethical behavior we now tolerate as the norm from public officials.

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Not even a good old-fashioned sex scandal could get our outrage going again. Indeed, a juicy one [erupted last year](#) in the Interior Department, where the inspector general found that officials “had used cocaine and marijuana, and had sexual relationships with oil and gas company representatives.” Two officials tasked with marketing oil on behalf of American taxpayers got so blotto at a daytime golf event sponsored by Shell that they became too incapacitated to drive and had to be put up by the oil company.

Back in the day, an oil-fueled scandal in that one department alone could mesmerize a nation and earn Warren Harding a permanent ranking among our all-time worst presidents. But while the scandals at Bush’s Interior resemble Teapot Dome — and also encompass [millions of dollars](#) in lost federal oil and gas royalties — they barely registered beyond the Beltway. Even late-night comics yawned when The Washington Post administered a coup de grâce last week, [reporting](#) that Interior Secretary Dirk Kempthorne spent \$235,000 from taxpayers to redo his office bathroom (monogrammed towels included).

It took 110 pages for the Center for Public Integrity, a nonpartisan research organization, to compile the CliffsNotes inventory of the Bush wreckage last month. [It found](#) “125 systematic failures across the breadth of the federal government.” That accounting is conservative. There are still too many unanswered questions.

Just a short list is staggering. Who put that bogus “[uranium from Africa](#)” into the crucial prewar State of the Union address after the C.I.A. removed it from previous Bush speeches? How high up were the authorities who ordered and condoned torture and then let the “rotten apples” at the bottom of the military heap take the fall? Who orchestrated the Pentagon’s elaborate P.R. efforts to [cover up](#) Pat Tillman’s death by “friendly fire” in Afghanistan?

And, for extra credit, whatever *did* happen to Bush’s [records from the Texas Air National Guard](#)?

The biggest question hovering over all this history, however, concerns the future more than the past. If we get bogged down in adjudicating every Bush White House wrong, how will we have the energy, time or focus to deal with the all-hands-on-deck crises that this administration’s malfeasance and ineptitude have bequeathed us? The president-elect himself struck this note last spring. “If crimes have been committed, they should be investigated,” [Barack Obama said](#). “I would not want my first term consumed by what was perceived on the part of Republicans as a partisan witch hunt, because I think we’ve got too many problems we’ve got to solve.”

Henry Waxman, the California congressman who has been our most tireless inquisitor into Bush scandals, essentially agreed when I spoke to him last week. Though he remains outraged about both the chicanery used to sell the Iraq war and the administration’s overall abuse of power, he adds: “I don’t see Congress pursuing it. We’ve got to move on to other issues.” He would rather see any prosecutions augmented by an independent investigation that fills in the historical record. “We need to depoliticize it,” he says. “If a Democratic Congress or administration pursues it, it will be seen as partisan.”

We could certainly do worse than another 9/11 Commission. Among those Americans still enraged about the Bush years, there are also calls for [truth and reconciliation commissions, war crimes trials](#) and, in a petition movement on Obama’s transition Web site, [a special prosecutor](#) in the Patrick Fitzgerald mode. One of the sharpest appointments yet made by the incoming president may support decisive action: Dawn Johnsen, [a law professor and former Clinton administration official](#) who last week was [chosen](#) to run the Office of Legal Counsel in the Department of Justice.

This is the same office where the Bush apparatchik John Yoo produced his infamous memos justifying torture. Johnsen is a fierce critic of such constitutional abuses. In articles for Slate last year, she [wondered](#) “where is the outrage, the public outcry” over a government that has acted lawlessly and that “does not respect the legal and moral bounds of human decency.” She [asked](#), “How do we save our country’s honor, and our own?”

The last is not a rhetorical question. While our new president indeed must move on and address the urgent crises that cannot wait, Bush administration malfeasance can’t be merely forgotten or finessed. A new Justice Department must enforce the law; Congress must press outstanding subpoenas to smoke out potential criminal activity; every legal effort must be made to stop what seems like a wholesale effort by the outgoing White House to [withhold, hide](#) and [possibly destroy](#) huge chunks of its electronic and paper trail. As Johnsen wrote last March, we must also “resist Bush administration efforts to hide evidence of its wrongdoing through demands for retroactive immunity, assertions of

state privilege, and implausible claims that openness will empower terrorists.”

As if to anticipate the current debate, she added that “we must avoid any temptation simply to move on,” because the national honor cannot be restored “without full disclosure.” She was talking about America regaining its international reputation in the aftermath of our government’s descent into the dark side of torture and “extraordinary rendition.” But I would add that we need full disclosure of the more prosaic governmental corruption of the Bush years, too, for pragmatic domestic reasons. To make the policy decisions ahead of us in the economic meltdown, we must know what went wrong along the way in the executive and legislative branches alike.

As the financial historian Ron Chernow [wrote in the Times last week](#), we could desperately use a Ferdinand Pecora, the investigator who illuminated the history of the 1929 meltdown in Senate hearings on the eve of the New Deal. The terrain to be mined would include not just the usual Wall Street suspects and their Congressional and regulatory enablers but also the Department of Housing and Urban Development, a strangely neglected ground zero in the foreclosure meltdown. The department’s secretary, Alphonso Jackson, [resigned in March amid still-unresolved investigations](#) over whether he enriched himself and friends with government contracts.

The tentative and amorphous \$800 billion stimulus [proposed by Obama last week](#) sounds like a lot, but it’s a drop in the bucket when set against the damage it must help counteract: more than \$10 trillion in new debt and new obligations piled up by the Bush administration in eight years, as [calculated by the economists Linda J. Biles and Joseph E. Stiglitz](#) in the current Harper’s Magazine.

If Bernie Madoff, at least, can still revive what remains of our deadened capacity for outrage, so can those who pulled off Washington’s Ponzi schemes. The more we learn about where all the bodies and billions were buried on our path to ruin, the easier it may be for our new president to make the case for a bold, whatever-it-takes New Deal.

A version of this article appeared in print on January 11, 2009, on page WK10 of the New York edition.

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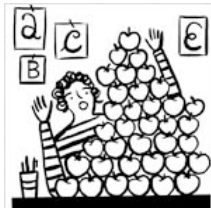


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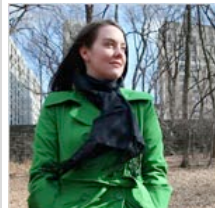
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