

Money, Money, Money



The U.S. Treasury is at 15th and Pennsylvania Ave., just east of the White House.

BACKGROUND:

The national debt or public debt is a direct liability of the United States Government. Payments of principal and interest on all public debt securities receive backing by the full faith and credit of the United States Government. By law, amounts for payment of interest on the public debt are available automatically without annual appropriation actions by the Congress.

The total public debt is largely a legacy of war, economic recession, and inflation. It represents the accumulated deficits in the Government's budgets over the years. The United States first got into debt in 1790 when it assumed the Revolutionary war debts of the Continental Congress. At the end of 1790, the gross public debt was approximately \$75 million. For a brief period in the mid-1830's the public debt was virtually zero. At the start of World War I in 1916, the public debt was \$1 billion. It then rose to a peak of \$26 billion in 1919 to finance the war. The debt declined for the next decade. During the Great Depression of the 1930's, however, the debt increased from \$16 billion to \$42 billion. During the Second World War the public debt rose sharply to a peak of \$279 billion in 1946. From its postwar low in 1949, the outstanding public debt grew gradually for nearly the next two decades.

Then, beginning at the time of the Vietnam War in the mid-1960's, the rate of the debt's increase accelerated sharply.

The Treasury Department borrows money through the sale of Treasury Bills, Notes, Bonds, and United States Savings Bonds to the public. Under the authority of the **Second Liberty Bond Act**, as amended, the U.S. Government borrows money by issuing Treasury securities to finance expenditures that exceed its receipts. Government receipts are primarily from taxes paid to the U.S. Government. The Government incurs expenditures through the administration of government and its programs. Total U.S. Treasury borrowing makes up the outstanding public debt.

Portions of the public debt come due (mature) frequently. Treasury officials must decide whether to refund the debt by issuing new securities or to pay off the securities with its receipts. The full faith and credit of the U.S. Government backs all Treasury securities. Our government has never defaulted on the principal or declared an interest payment moratorium on any of its obligations. Consequently, U.S. Treasury securities are considered a very safe financial investment.

The Treasury's financing activities (borrowing) include regular offerings of short-term Treasury bills and quarterly offerings of Treasury notes and bonds. Besides its regular financing, the Treasury will occasionally offer additional securities, such as cash management bills.

STORY:

President Bush's tax plan include dozens of small tax breaks for interests as disparate as insurance companies, elite private universities, operators of landfills and people of modest means who donate to their churches. These items have

IN THIS ISSUE:

- | | |
|---|-----------------------------------|
| 3 | The Hajj |
| 5 | French and Indian War/Book Review |
| 6 | NBA All-Star Game/St Valentine |
| 7 | Valentine's Day Traditions |
| 8 | Of The Week/ Order Information |

received little notice, because individually they are insignificant compared with the president's sweeping proposals to lower tax rates and make most people's returns on investments tax free. But altogether, the tax breaks for special interests could total hundreds of billions of dollars in revenue losses over the next 10 years.

Many of these proposals are similar to the ones Mr. Bush scoffed at when they were proposed in the 2000 election campaign by his Democratic opponent, Al Gore. For instance, at a rally in Little Rock, Ark., about two months before the election, Mr. Bush made this criticism of Mr. Gore's tax proposals: "The tax code is too complicated as it is. My opponent's plan makes it more complicated with a lot of fine print. You get tax relief if you behave a certain way or only if you meet certain small categories. It's so targeted, it misses the target." Mr. Bush declared at the rally, "I believe that everybody who pays taxes ought to get tax relief," not just "the right people," as defined by Mr. Gore. The president's spokesman, Ari Fleischer, said Friday that Mr. Bush's point in the campaign was not that Mr. Gore's tax proposals had no value but that they were hit and miss and did not benefit everyone. As for the small provisions in Mr. Bush's tax plan this year, Mr. Fleischer said, "some are designed to help only a few, but that does not mean they are not meritorious."

Some of Mr. Bush's proposals have broad bipartisan support. An example is the continuation of an expiring tax credit for business research and experimentation, which would cost the government \$68 billion in lost revenue over 10 years, the Treasury estimates. Congress generally extends this credit a few years at a time rather than making it permanent so that the lawmakers can periodically get credit for approving a measure important to businesses.

Other proposals face strong opposition, including several tax breaks for people who buy their own health insurance. Together, these four credits or deductions would cost more than \$100 billion in revenue losses. Opponents say that these

items were designed to make workers rather than their employers responsible for health insurance.

Some of Mr. Bush's proposals this year fit with his social policies. For example, tax authorities say that people who give small sums to their churches would be the main beneficiaries of letting taxpayers claim deductions of up to \$250 apiece for charitable contributions even if they do not otherwise itemize their deductions. This proposal would cost \$12.8 billion over 10 years.

Others would help particular lobbies or campaign donors. A tax credit Mr. Bush seeks for companies that convert landfill gases into electricity (\$712 million over 10 years) is being pushed by Waste Management Inc., the Houston company that operates landfills.

One of the main beneficiaries of an expansion of medical savings accounts, another Bush proposal, would be the Golden Rule Insurance Company of Lawrenceville, Ill., the leading underwriter of high-deductible medical insurance policies. The company is a big donor to the Republican Party and Republican politicians. The price is \$5.1 billion over 10 years.

A new tax credit for developers of low-cost single-family houses (\$16.1 billion over 10 years) is eagerly sought by homebuilders, an influential lobby because there are such developers in almost every Congressional district.

Another ubiquitous business, pizza franchises, was behind a proposal (\$891 million over 10 years) to expand deductions for companies that donate leftover food to charity. The enhanced deduction, the Treasury Department states in its description of the proposal, would be available only for donations of "apparently wholesome food."

Elite universities have been lobbying hard for one of Mr. Bush's proposals — a repeal of the \$150 million ceiling on the value of bonds nonprofit organizations other than hospitals are permitted to issue. The repeal would cost \$84 million over 10 years in lost revenue. Bonds like this are issued to raise capital for buildings, and few nonprofit institutions other than universities

with big endowments have large capital projects and could benefit from raising the limit on bonds.

Among the many other proposals by the president are tuition tax credits of up to \$2,500 a year for parents who take their children out of failing public schools and put them in private schools (\$3.8 billion), a tax exclusion for computers provided to employees who work at home (\$554 million) and an expansion of the kinds of waste matter eligible for a tax credit if burned to create electricity (\$1.5 billion).

Mill residues, waste pallets and orchard and vineyard residue would be included in the material that could be burned for electricity. But chicken droppings were explicitly excluded. That is because Congress already voted last year to extend through 2007 the credit for converting poultry waste into power.

SIGNIFICANCE:

The government is expected to hit the \$6.4 trillion ceiling on the national debt the Treasury Department said Wednesday, renewing its call for Congress to boost the government's borrowing authority. Treasury asked Congress late last year to increase the government's ability to borrow, setting the stage for a political fight in Congress. Treasury, however, hasn't said exactly how much of an increase in the current statutory debt ceiling it wants.

Treasury's announcement comes as the government's financial situation is deteriorating, with considerably more red ink being projected for the next few years than the \$158 billion deficit seen in the 2002 fiscal year, which ended Sept. 30.

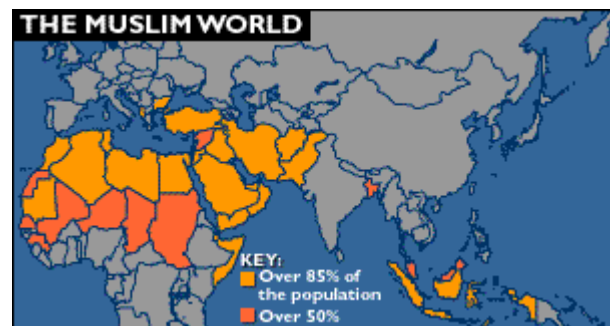
President Bush's budget — which includes a bold tax-cut package — projects deficits of \$307 billion this year and \$304 billion next year — surpassing the record \$290 billion deficit of 1992 under the first President Bush. If Congress doesn't boost the government's borrowing authority, Treasury can juggle funds for a while at least to dodge a default on the national debt. Treasury

moved billions of dollars around to do just that on two occasions last year.

"If the statutory debt ceiling is not raised, the Treasury will have to begin to use a number of stopgap devices — some costly — to manage debt subject to limit, which have been previously utilized under established legal authority," Treasury said Wednesday. But such shifting of funds would allow the government to pay its bills through April, the department said.

Last June, Congress boosted the old debt limit by \$450 billion, from \$5.95 trillion to the current \$6.4 trillion. However, at that time, Treasury had sought a larger increase and warned that Congress would need to again increase the government's borrowing authority.

The HAJJ



The Hajj, or the annual pilgrimage, is one of the great dramas of Muslim life, and performing the Hajj at least once in a lifetime is one of the five "pillars", or duties, of Islam.

Every year about two million Muslims converge on Mecca and Medina - the two holiest places in Islam - to take part in an event which combines piety and passion. Many Muslims save for years in order to perform the pilgrimage. They often have to travel thousands of miles. Then, once they arrive, they must brave the fierce heat of the desert as they perform the Hajj rituals.

For the host country, Saudi Arabia, the event has a special importance. Saudi rulers are acutely conscious of their responsibility as

custodians of the Muslim holy places. The sheer number of pilgrims poses formidable problems. In recent years hundreds have died as a result of demonstrations, fires, stampedes - or just sunstroke and exhaustion.

The Saudi authorities have introduced a quota system to keep down the numbers. They have also tried, and failed, to keep politics out of the Hajj. Muslims are divided over whether faith and politics should mix. But many regard such a big gathering as an ideal chance to promote political causes. In 1987 hundreds of pilgrims were killed in clashes between the Saudi security forces and Iranian-led demonstrators.

STORY:

About 2 million Muslim pilgrims traveled by car, bus and foot to the tent city of Mina on Sunday to spend the night before heading to nearby Mount Arafat at dawn for the climax of the annual hajj. This year's pilgrimage is taking place under tight security amid fears of demonstrations against any U.S.-led war in neighboring Iraq to topple President Saddam Hussein.

Saudi authorities erected 44,000 tents to host the pilgrims who left the holy city of Mecca earlier Sunday after performing the first hajj rituals by circling the Kaaba, the large cubic stone structure that Muslims face during their five daily prayers. Tens of thousands of elderly pilgrims and people assisting them have already begun arriving at Mount Arafat, skipping the stay in Mina to avoid the difficulties caused by the masses of pilgrims converging on the hill located some 12 miles (19 kilometers) southwest of Mecca.

Praying at Mount Arafat is the main ritual of the five-day pilgrimage. The time Muslims spend praying there is believed to symbolize Judgment Day, when Islam says every person will stand before God and answer for his deeds.

"These are moments when we feel the sense belonging to Islam and we know the true meaning of our lives," said first-time pilgrim

Essam Khalifa, 26, from Libya, who arrived at Mount Arafat ahead of the more than 1.5 million people expected to arrive today.

Muhammad, Islam's prophet, delivered his last sermon at Mount Arafat in March of 632, three months before he died. Muslims believe that during this sermon, the last passage of their holy book, the Quran, was revealed to Muhammad.

A heavy police presence was out in force at Arafat, with patrol vehicles and helicopters keeping watch over streets and prayer areas, while security personnel manned road blocks ahead of the arrival of pilgrims.

According to Islamic belief, worshipping at Islam's holiest shrines in Saudi Arabia are most likely to be answered by God. "I prayed for myself, my family, my friends and for all those who asked me to pray for them," Mahmoud al-Gammal, an Egyptian, said.

Many pilgrims also asked God to support the predominantly Muslim Palestinians in their ongoing conflict against Israel and to avert a possible U.S.-led attack on Iraq, another Muslim state. The United States and Israel have been decried throughout the Islamic and Arab worlds as infidels. Osama bin Ladin, the Saudi-born leader of the al-Qaida terror network, vowed to rid U.S. soldiers from Saudi Arabia, saying their presence desecrated the birthplace of Islam.

From Mount Arafat, the pilgrims will move to nearby Muzdalifah, where they collect pebbles to stone three pillars symbolizing the temptations of the devil. Then, pilgrims to Saudi Arabia and Muslims around the world celebrate the start of Eid al-Adha, or the feast of sacrifice, by slaughtering a camel, cow or sheep and sharing the meat with the poor.

According to Islamic teachings, the hajj is a spiritual journey that cleanses the soul and wins absolution. A Muslim who performs the Hajj washes away his sins and returns to his home as free of sin as a newborn.

SIGNIFICANCE:

Once in Mecca, there are two rituals which you can perform; the lesser pilgrimage or Umra, and the main pilgrimage or Hajj.

The Umra is an extra, optional pilgrimage and does not count as the once-in-a-lifetime Hajj. Although it includes some of the rituals of the Hajj, they are shortened and there are fewer of them. Most pilgrims who come for the Hajj arrive a few days before it actually starts and perform Umra first. Combining the Hajj with the Umrah is called a Hajji-Tamattu.

To carry out the pilgrimage rituals you need to be in a state of Ihram, which is a special state of ritual purity. You do this by making a statement of intention, wearing special white clothes (which are also called Ihram), and obeying the regulations below.



The person on the Hajj may not:

- Engage in marital relations
- Shave or cut their nails
- Use cologne or scented oils
- Kill or hunt anything
- Fight or argue
- Women must not cover their faces, even if they would do so in their home country
- Men may not wear clothes with stitching
- Bathing is allowed but scented soaps are frowned upon

The Hajj is a real pilgrimage - a journey, with rites and rituals to be done along the way. You begin at a place just outside Mecca called the Miqat, or entry station to the Hajj.

There you bath, put on the Ihram (the special white clothes), make the intention for Umra and begin reciting the Talbiya Du'a (prayer).

The Talbiya Du'a

Here I am at Your service, O Allah, here I am at your service! You have no partner. Here I am at your service. All praise and blessings belong to you. All dominion is yours and You have no partner.

Then you go to the Masjid al Haram and walk around the Ka'ba seven times repeating du'as and prayers. This is called the Tawaf. Afterwards you should sip some Zam Zam water. Zam Zam water is water from the Zam Zam well, the sacred well which opened in the desert to save Hajira and Is'mail from dying of thirst. Next you go to the walkway between the hills of Safa and Marwa and walk back and forth between them seven times. This completes the Umra portion of the Hajj rituals and some of the Ihram restrictions are relaxed. Now make your intention for the Hajj and put on the Ihram garments again.

Travel to Mina on the 8th of Dhul Hijjah (a date in the Islamic calendar) and remain there until Fajr (dawn) next morning. Then you travel to the valley of Arafat and stand in the open praising Allah. The heat of Arabia at midday provides a hint as to what the Day of Judgement will be like. At the end of the day, travel to Muzdalifa. Gather together 49 or 70 small stones together to use the next day. In the morning you return to Mina and throw the stones at pillars called Jamraat. These represent the devil. Then a sacrifice should be made called a Qurbani. Men's heads are shaved and women cut a lock of their hair.

Then return to Mecca and make a Tawaf (this is the ritual of walking around the Ka'aba seven times). Then it's back to Mina for 3 or 4 days, stoning the pillars each day. Finally do a farewell Tawaf in Masjid-al Haram on the twelfth day of the month of Dhul Hijjah, ask Allah's forgiveness, make du'a and the Hajj is finished.

At the end of the Hajj, Muslims from all over the world celebrate the holiday known as the Eid ul Adha or Festival of the sacrifice. This festival commemorates the obedience of the Prophet Ibrahim when he was ordered to sacrifice his son Is'mail. Ibrahim proved his love and devotion to Allah by showing his willingness to kill his son if Allah wished it--In the end Ibrahim Allah gave him a ram to sacrifice instead. A man who has completed the Hajj is called a Hajji, a woman who has completed it is called a Hajjah.

THIS WEEK IN HISTORY:

February 10, 1763

The French and Indian War Ends

The Seven Years' War, a global conflict known in America as the French and Indian War, ends with the signing of the Treaty of Paris by France, Great Britain, and Spain. In the early 1750s, France's expansion into the Ohio River valley repeatedly brought the country into armed conflict with the British colonies. In 1756, the British formally declared war against France.

In the first year of the war, the British suffered a series of defeats at the hands of the French and their broad network of Native American alliances. However, in 1757, British Prime Minister William Pitt (the older) recognized the potential of imperial expansion that would come out of victory against the French and borrowed heavily to fund an expanded war effort. Pitt financed Prussia's struggle against France and her allies in Europe and reimbursed the colonies for the raising of armies in North America. By 1760, the French had been expelled from Canada, and by 1763 all of France's allies in Europe had either made a separate peace with Prussia or had been defeated. In addition, France suffered defeats against British forces in India.

The Seven Years' War ended with the signing of the treaties of Hubertusburg and Paris in February 1763. In the Treaty of Paris, France lost all claims to Canada and gave Louisiana to Spain, while Britain received Spanish Florida, Upper Canada, and various French holdings overseas. The treaty ensured the colonial and maritime supremacy of Britain and strengthened the 13 American colonies by removing their European rivals to the north and the south. Fifteen years later, French bitterness over the loss of most of their colonial empire contributed to their intervention in the American Revolution on the side of the Patriots.

ENTERTAINMENT:Book Review: *Without Reservations*By: *Alice Steinbach*

What first attracted me to this book was the sub-title: *The Travels of an Independent Woman*. Fancying myself an independent woman, and one that likes to travel, I thought I had made an excellent choice as I paid for the book. I was pleasantly surprised to discover what a gentle, well-written book it turned out to be. *Without Reservations* is rich with observations, reflections, and philosophy.

With Eudora Welty's attitude of: "All serious daring starts from within," a woman of a "certain age" decides to embark on a journey alone. Partly to prove that she has the strength to do so, and partly to have one last grand adventure before life takes over. She took a leave of absence from her job as a reporter for a newspaper and leaving her two grown sons, cat and friends behind, she heads for Paris and beyond.

The book is in journal form, each chapter begins with Alice writing herself a postcard. We are with Alice as she discovers that she is strong and capable, not a woman lost in time but rather one full of life. She reawakens memories long forgotten but also ignites her independent spirit, her sense of adventure and observation.

Without Reservations is part travel commentary, the style showing, rather than telling us about Milan, Venice and London. There are ideas for many garden walks, museum finds and cafes for watching the locals live. But truly, what this book invokes is a sense of seeing the world in the moment, much as a child does: appreciating a rain storm on a terrace, seeing the light filter through a chapel, or tasting the local lemon curd.

Alice Steinbach makes you want to hop on a plane, see for yourself if you are able to capture the moment, seize the day, reinvent yourself. She makes us feel that if she can, we can. One warning: you too will want to escape, run, fly, and challenge yourself once you are finished.

SPORTS:

NBA All-Star Game: West 155, East 145 2OT

In his 14th and final appearance, Jordan started the NBA All-Star game Sunday night when fellow North Carolina alum Vince Carter turned over his spot in the East lineup. Jordan said repeatedly -- even before the game -- he didn't want to start in place of those voted in by the fans. "Guys starting deserve to be there," he said in the East locker room.

Tracy McGrady and Allen Iverson both offered their starting roles to Jordan. But Carter, voted in as a starter despite playing only 15 games this season, initially refused to yield his spot, saying it wasn't fair to the fans who voted for him. Yet minutes before tipoff Sunday night, the P.A. announcer at Philips Arena announced that Jordan would start in Carter's spot.

Jordan, who earlier came to center court as the East captain, got a rousing standing ovation during player introductions. Once the game started, however, he missed his first seven shots before hitting an easy layup. He redeemed himself in the last seconds of overtime by scoring a difficult shot that put the East 2 points ahead of the West and the apparent winners of the game.

However, Kobe Bryant tied it by making two foul shots with 1 second left, and Jordan's final shot of the first overtime was blocked just before the buzzer. The West made a run of it in the second overtime with the final score of West 155, East 145.

Jordan said he's enjoyed the weekend but was ready for it to end. "Just get it over with," he said. "I'm somewhat embarrassed because I've got a feeling it's going to turn into the Michael Jordan show, which I don't want it to be," he said.

WHO YOU NEED TO KNOW:

St. Valentine

At least three different Saint Valentines, all of them martyrs, are mentioned in the early martyrologies under date of 14 February. One is described as a priest at Rome (see Feature), another as bishop of Interamna (modern Terni), and these two seem both to have suffered in the second half of the third century and to have been buried on the Flaminian Way, but at different distances from the city.

In William of Malmesbury's time what was known to the ancients as the Flaminian Gate of Rome and is now the Porta del Popolo, was called the Gate of St. Valentine. The name seems to have been taken from a small church dedicated to the saint which was in the immediate neighborhood. Of both these St. Valentines some sort of *Acta* (see word of the week) are preserved but they are of relatively late date and of no historical value. Of the third Saint Valentine, who suffered in Africa with a number of companions, nothing further is known.

FEATURE:

The History of Valentine's Day

(one version)

Valentine's Day started in the time of the Roman Empire. In ancient Rome, February 14th was a holiday to honor Juno. Juno was the Queen of the Roman Gods and Goddesses. The Romans also knew her as the Goddess of women and marriage. The following day, February 15th, began the Feast of Lupercalia.

The lives of young boys and girls were strictly separate. However, one of the customs of the young people was name drawing. On the eve

of the festival of Lupercalia the names of Roman girls were written on slips of paper and placed into jars. Each young man would draw a girl's name from the jar and would then be partners for the duration of the festival with the girl whom he chose. Sometimes the pairing of the children lasted an entire year, and often, they would fall in love and would later marry.

Under the rule of Emperor Claudius II Rome was involved in many bloody and unpopular campaigns. Claudius the Cruel was having a difficult time getting soldiers to join his military leagues. He believed that the reason was that Roman men did not want to leave their loves or families. As a result, Claudius cancelled all marriages and engagements in Rome. The good Saint Valentine was a priest at Rome in the days of Claudius II. He and Saint Marius aided the Christian martyrs and secretly married couples, and for this kind deed Saint Valentine was apprehended and dragged before the Prefect of Rome, who condemned him to be beaten to death with clubs and to have his head cut off. He suffered martyrdom on the 14th day of February, about the year 270. At that time it was the custom in Rome, a very ancient custom, indeed, to celebrate in the month of February the Lupercalia, feasts in honor of a heathen god. On these occasions, amidst a variety of pagan ceremonies, the names of young women were placed in a box, from which they were drawn by the men as chance directed.

The pastors of the early Christian Church in Rome endeavored to do away with the pagan element in these feasts by substituting the names of saints for those of maidens. And as the Lupercalia began about the middle of February, the pastors appear to have chosen Saint Valentine's Day for the celebration of this new feast. So it seems that the custom of young men choosing maidens for valentines, or saints as patrons for the coming year, arose in this way.

This practice continued to develop until it became the commercialized success that it is today.

Valentine Traditions

Hundreds of years ago in England, many children dressed up as adults on Valentine's Day. They went singing from home to home.

One verse they sang was:

Good morning to you, valentine;
Curl your locks as I do mine---
Two before and three behind.
Good morning to you, valentine.

In the Middle Ages, young men and women drew names from a bowl to see who their valentines would be. They would wear these names on their sleeves for one week. To wear your heart on your sleeve now means it is easy for other people to know how you are feeling.

In Wales wooden love spoons were carved and given as gifts on February 14th. Hearts, keys and keyholes were favorite decorations on the spoons. It meant, "You unlock my heart!"

In some countries, a young woman may receive a gift of clothing from a young man. If she keeps the gift, it means she will marry him.

Some people used to believe that if a woman saw a robin flying overhead on Valentine's Day, it meant she would marry a sailor. If she saw a sparrow, she would marry a poor man and be very happy. If she saw a goldfinch, she would marry a millionaire.

A love seat is a wide chair. It was first made to seat one woman and her wide dress. Later, the love seat or courting seat had two sections, often in an S-shape. In this way, a couple could sit together -- but not too closely!

Think of five or six names of boys or girls you might marry, As you twist the stem of an apple, recite the names until the stem comes off. You will marry the person whose name you were saying when the stem fell off.

Pick a dandelion that has gone to seed. Blow the seeds into the wind. The seeds that remain is the number of children you will have.

If you cut an apple in half and count how many seeds are inside, you will also know how many children you will have.

Quote of the Week:

I leave the game in good hands. So many great stars rising and playing the game. I have passed on the things that some of the great players ... have passed on to me. —Michael Jordan

Fact of the Week:

Humans and elephants are the only animals that can stand on their heads

Word of the Week:

Acta n. ancient writings, manuscripts, artifacts, murals etc.

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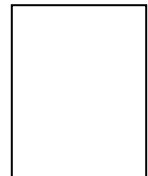
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