

Wall Street May Lose Bet On Bush To Loot Social Security

by Paul Gallagher

In an unprecedented mobilization of the kind which did not occur during the 2004 Presidential election, virtually all Democratic Senators and Representatives are holding town meetings in their districts during February, against President George W. Bush's scheme to loot Social Security. In Michigan, 15 town meetings are being held by Representatives Sander Levin, Debbie Stabenow, John Dingell, Carolyn Kilpatrick, and state constituency groups; five Ohio Representatives are holding another dozen. One said, "I think we're going to beat Bush on this; we've gotten 2,700 letters against it, and one phone call for it."

The unified mission of all these Democrats is clear—defeat Bush's Social Security theft, the top-priority mission Lyndon LaRouche laid out for the Democrats last Dec. 16. Their town meetings' open-debate character contrasts with the careful pre-screening of audiences for Bush's Social Security privatization meetings. Congressman Jim Moran's Feb. 7 public meeting in Alexandria, Virginia, for example, was attended by nearly 400, including some who supported Bush's privatization scheme, while most backed Moran's strong opposition. When Moran raised the key question—"Why is Bush trying to dismantle Social Security?"—LaRouche Political Action Committee activists were able to answer it: Because in a dollar crash, Wall Street is demanding that markets be propped up by the world's largest cash flow.

The Democrats' united mobilization has been overcoming the President's. Bush's first barnstorm tour, right after his State of the Union speech, tried to target "vulnerable" Democrats to support him. But those Democrats, backed by their own constituency meetings, like Sen. Max Baucus's Feb. 5 Montana town meeting of 350, did not bend. In the second week of February, the White House found itself target-

ing dissenting Republicans instead! When the Wall Street-funded Club for Growth began its \$10-15-million TV ad campaign for privatization on Feb. 9, the first Congressional districts targeted by the ads were those of Republicans—Sherwood Boehlert of New York, Joseph Schwartz of Michigan, and Lincoln Chafee of Rhode Island. Bush himself, by Feb. 10, was hitting Pennsylvania to try to get cooperation from Senate Republican leader Arlen Specter. Republican Rep. Ginny Brown-Waite of Florida, after hosting the President for a meeting in her district, publicly refused to support his looting scheme.

Hanging over the Republicans is Vice President Cheney's Feb. 6 Fox TV statement ("it will cost trillions"); OMB Director Joshua Bolton's admission to the House Ways and Means Committee on Feb. 8 that Bush's scheme would cut Social Security revenues below required benefit payouts "within the next decade"; the Bush 2001 Commission's plan for benefit cuts of 20-45% over coming decades; and the public's clear fear of Wall Street "Enron-omics." As of Congress's first full week ending Feb. 11, the Bush drive for privatization was stalled because Republicans were pleading for "more specifics" from the White House, which could not, and said it would not, give them. Senate Finance Committee chairman Charles Grassley of Iowa told Treasury Secretary John Snow on Feb. 9 in the Senate, "We are not in a position to force through the President's agenda."

LaRouche Strategy Working

Lyndon LaRouche's powerful call on Columbus, Ohio radio on Dec. 16—for national action to pull together "the Democratic Party of President Franklin Roosevelt" to stop George W. Bush from stealing the Social Security of the American people—has been extraordinarily effective.



President Bush's privatization road show had all the fanfare in early February (a carefully pre-selected group joins Bush in Omaha on Feb. 4, left); but the Democrats' far more open town meetings, and the moralizing interventions of the LaRouche Youth Movement (right, at a Washington, D.C. labor rally on Feb. 7) were beating the President's impact.

LaRouche's forecast that Bush, pressured by looming financial collapse, would go on an immediate mad-bull charge to "steal Social Security for Wall Street"—was put forward as a chance to bring Bush down. Refuse to "negotiate" Social Security with that mad bull; adopt a united mission to defeat Bush on it; and sane Republicans will have to deal with the consequences, LaRouche advised.

From Christmas to Feb. 10, LaRouche caused circulation of 600,000 of the first edition of an anti-privatization LaRouche PAC pamphlet across the United States. The Democrats have been able to re-emerge in a unified resistance which is threatening to defeat Bush and make him an instant lame duck, as LaRouche emphasized. He has made the issue of George Shultz's "Chile model of fascism" so central, that when the *New York Times* of Jan. 27 ran a front-page exposé of what a disaster Chile's Social Security privatization has been, ABC News immediately noted that the *Times* was "borrowing a page from Lyndon LaRouche." Democratic Rep. Xavier Becerra of California attached that *Times* article to a "dear colleague" letter to the entire House of Representatives (see *Documentation*). Bush's use of Chile as a supposedly successful model, has been destroyed.

Democrats in Congress show extraordinary unity and have picked up the banner of Franklin Delano Roosevelt—deliberately stashed away by party bureaucrats in recent years—to fight to defeat Bush on Social Security. A key turning point came when Senate Minority Leader Harry Reid of Nevada, after announcing on Feb. 1 that "no Democrat" would support Bush's attempt to steal Social Security, an-

swered the President's Feb. 2 State of the Union with a Rooseveltian proposal for a "Marshall Plan for America, to rebuild America's economic infrastructure." Reid is preparing "Marshall Plan" legislation.

On Feb. 3, "standing outside the Franklin Delano Roosevelt Memorial, Senators Reid, Schumer, and members of the Senate Democratic Caucus presented a united front to fight against the President's plans to send the national debt skyrocketing by privatizing Social Security. . . . The Senators today invoked the image of President Franklin Delano Roosevelt who pioneered Social Security."

When Administration representatives presented the Fiscal 2006 budget to Congress Feb. 8-9, Democrats led by Charles Rangel (N.Y.) and John Spratt (S.C.) remained completely focussed on defending Social Security. Rangel declared Bush's scheme "dead," and challenged Treasury Secretary John Snow on how he could say Social Security—which has a large surplus—is bankrupt, while insisting that the Federal budget—more than \$500 billion in deficit—is not (see *Documentation*). The effect of the Democrats' unified focus was such, that it was a number of Congressional Republicans who came out against Bush's budget cuts.

The Cheney-Bush White House—still hell-bent to force through the Congress *this year* the diversion of Social Security to Wall Street—is being compelled toward a strategy of doing so by enforcing a strict party-line Republican vote in both Houses.

That is just what Congressional Republicans do *not* want. If citizens are mobilized nationwide by this pamphlet of

LaRouche and by their own state and national elected representatives, Congressional Republicans voting for a fascist economic takedown of Social Security would face wholesale election defeat in 2006.

On Feb. 10, House Democratic leader Nancy Pelosi of California said, “I don’t think [Bush is] making that much progress, but that doesn’t mean we won’t continue to be relentless, on the floor of the House, on the road, on the Internet, and any opportunities we have.”

Wall Street’s Right Wing Is Chafing

Wall Street-funded think-tankers were criticizing Bush on Feb. 8-9 at the Cato Institute’s two-day conference on Social Security in Washington, for not being willing to take the public lead on *cutting Social Security benefits*. Wall Street and the Boston “Vault” bankers are running the White House scheme from the inside, confirmed John Shipman of State Street Bank, Cato Institute, and Carriage Partners Ltd. The Wall Street forces not only want the Social Security money; they want big benefit cuts. “We have to say, Your future is lower benefits, greater leverage,” said Kent Smetters of the Wharton School of Business.

Cato spokesman Michael Tanner raved, “Social Security is a lie. . . . There is no legal right to benefits. If people take away only this, from this conference, we will have succeeded.”

“The interest [on the Treasury Bonds held by the Social Security Trust Fund] is a fiction,” said Thomas Saving of the Cato-linked National Center for Policy Analysis. “535 people could decide at any time” to lower or abolish that Treasury obligation and gouge Social Security, said Saving—who, incredibly, is now a Trustee of the Social Security Administration!

The Wall Street/Cato crowd is lurking in Congress with its own “extreme privatization” schemes. After Bush exhausts himself scaring Americans about the “coming collapse of Social Security,” these schemes would turn the entire payroll tax over to Wall Street, reduce benefits for remaining retirees and pay them by huge new Federal borrowing—on Wall Street.

The American people, at town meetings and in debates across the country, are hearing fundamental issues of FDR’s “General Welfare” legacy, vs. fascist economic looting and “every man for himself” economics, raised by LaRouche Youth Movement leaders, and sometimes by elected officials and by ordinary citizens, for the first time in years. Despite being hit by an incredible barrage of scare-propaganda from the White House and Wall Street committees—often repeated as “facts” by news media, Americans in national polls continue to oppose privatization of Social Security.

The LaRouche Youth Movement is participating in scores of Congressional town meetings nationwide, and the LaRouche movement’s conferences in Washington, D.C. and Los Angeles on Presidents’ Day weekend were to be major events in defeating the “foot in the door to fascism.”

Documentation:

Black Caucus: Bush Plan Hurts African Americans

The Congressional Black Caucus Foundation (CBCF)’s Center for Policy Analysis and Research, headed by Dr. Maya Rockeymoore, issued a report on Jan. 19, “The Social Security Privatization Crisis—Assessing the Impact on African American Families.” This report directly counters the absurd attacks on Social Security by Alan Keyes’ Black America’s Political Action Committee (BAMPAC) and others, which have run expensive print and video ad campaigns targeting the black population. One BAMPAC ad incredibly claimed that a black college graduate would pay an astronomical \$700,000 in lifetime payroll taxes to Social Security, then receive only \$40,000 in benefits.

The CBCF report cites “A 2003 report by the General Accounting Office [which] found that overall, African Americans receive a *higher rate of return*—receiving more in benefits relative to what is paid out in payroll taxes—than whites, due to their heavier reliance on the full range of benefits offered by Social Security.”

- **Disability:** 27% of black Social Security recipients are on disability, compared to only 13% of white Social Security recipients. 18% of disability recipients are black. 21% of children getting benefits because their parents are disabled, are black. “Private accounts” could do nothing for these beneficiaries, and Bush’s recent promise to leave disability completely unchanged while privatizing retirement, is clearly not possible while cutting the Trust Fund as a whole.

- **Survivor Benefits:** 19% of black beneficiaries are spouse or minor survivors, compared to 14% of white beneficiaries. 23% of all children (under 18) receiving survivor benefits are black. 21% of all minor children receiving benefits because their parent(s) have retired, are black. Obviously, these children would not accumulate any “investment accounts.”

- **Black Americans’ average wages** are nearly one-third lower than those of whites. Hispanic Americans’ average wages are lower still. Social Security benefits are highly progressive, taking the 35 highest years of earnings and then adjusting so that lower-income workers can get nearly 75% of their average wages replaced by their retirement benefits, whereas middle income workers get about 45%, and higher-income workers about 25%. Private accounts schemes obviously offer none of this.

- **Social Security** also progressively adjusts upward the benefits of those workers who work fewer years. Thus black Americans who die earlier in working years leave their children a survivor benefit; with Wall Street accounts instead, they’d leave relatively little.

- Under privatization plans, including that of Bush, individuals retiring would be required to use their accumulated funds to purchase an annuity with a life-insurance feature to be paid out to their survivors. These insurance policies are expensive.

- The white/black difference in years of life expectancy at age 65 is only 16.5/14.5; at age 62, it is only 18/16.

'Dear Colleague' Letter Nails the Chile Model

"Is Social Security Privatization Working in Chile?" headlined this "Dear Colleague" letter sent by Rep. Xavier Becerra (D-Calif.) to all members of the House on Jan. 31. He attached the Jan. 27 New York Times article which exposed the disastrous human and social cost of Chile's privatized Social Security system—President Bush's cited model.

Dear Colleague:

President Bush and advocates of his plan to partially privatize the Social Security system often laud Chile's private pension program as a successful example. I hope you will take a few moments to read the attached article on Chile's experience with private investment accounts, which displaced the prior pension system in 1980.

I specifically would like to draw your attention to the fact that despite privatization, the Chilean government still is directing billions of dollars to a social insurance safety net for those whose contributions to the private accounts were not large enough to ensure even a minimum pension; that only half of workers are covered by the system; and that retirees with private accounts receive a much lower benefit than those who have been allowed to stay in the old system. The *New York Times* article provides an example of one typically unfortunate pensioner:

"Dagoberto Sáez, for example, is a 66-year-old laboratory technician here who plans, because of a recent heart attack, to retire in March. He earns just under \$950 a month; his pension fund has told him that his nearly 24 years of contributions will finance a 20-year annuity paying only \$315 a month.

" 'Colleagues and friends with the same pay grade who stayed in the old system, people who work right alongside me,' he said, 'are retiring with pensions of almost \$700 a month—good until they die. I have a salary that allows me to live with dignity, and all of a sudden I am going to be plunged into poverty, all because I made the mistake of believing the promises they made to us back in 1981.' "

Moreover, consider a recent analysis by Stephen J. Kay, an economist at the Federal Reserve Bank of Atlanta, about Chile's experience. Mr. Kay finds that:

"Investment accounts of retirees are much smaller than originally predicted—so low that 41% of those eligible to

collect pensions continue to work. When commission charges are taken into consideration in Chile, the total average return on worker contributions between 1982 and 1999 was 5.1%—not 11% as calculated by the superintendency of pension funds. The average worker would have done better simply by placing their pension fund contributions in a passbook savings account."

—*Statement by Stephen J. Kay, Testimony before the House Committee on Ways and Means, Feb. 11, 1999.*

I hope you will consider these facts when privatization advocates tout the Chilean experience as a model for their proposals.

Democrat Rangel: What Is Bankrupt?

Representatives Charles Rangel (D-N.Y.) and Pete Stark (D-Calif.) led the aggressive questioning of Treasury Secretary John Snow at the House Ways and Means Committee Feb. 8 hearing, where Snow presented the Administration's Fiscal 2006 budget. Here is one excerpt.

Rangel: Now, the President said in his State of the Union, by the year 2042 the entire Social Security system will be exhausted and bankrupt. You being a trustee and following these things, do you agree with the President?

Snow: Yes, I agree that the system goes bankrupt.

Rangel: Now why do you think the system, the Social Security system would go bankrupt in 2042?

Snow: Well, for the same reason that a company that becomes insolvent files for Chapter 11: The inflow of revenues isn't adequate to meet the obligations. That's the definition of bankruptcy.

Rangel: Okay, then, would you say that the incoming revenues that we receive in the United States of America does not meet the amount of money that we're spending today?

Snow: Do we have a deficit, are you saying?

Rangel: No! I'm asking the same thing that you said, about why we'd be bankrupt: Are we spending more than we're taking in now in the United States of America? And the next question would be . . . is the United States of America, and leader of the free world and the most exciting economy that you can discover—are we bankrupt?

Snow: Far from it. We're the strongest economy in the world, and it's because we can meet our obligations. We are able to meet our obligations.

Rangel: Just tell me the difference, for purposes of education, the difference between the bonds that we have in the Social Security Trust Fund, and the bonds that you're so confident are going to get us through this deficit that we're going through. What's the difference? Why is the Social Security trust fund bankrupt and the United States is not bankrupt?