

Social Security: Dems Defend FDR Legacy From Bush, Wall St.

by Paul Gallagher

When George W. Bush, in his Feb. 2 State of the Union, made explicit his threat to bankrupt the Social Security system, the Democratic Party—led by its members of Congress—was extraordinarily united in a national fight to defend this legacy of President Franklin Roosevelt from privatization and looting. Democrats had called on a prominent grandson of FDR to denounce the Bush attack; their Senate leader, Harry Reid of Nevada, answered Bush on the evening of Feb. 2 with a proposed “Marshall Plan to rebuild America’s economic infrastructure”; Reid and New York Senator Charles Schumer went to the FDR Memorial the next morning to reject Bush’s scheme; and the Congressmen reached out to form a national coalition to mobilize the party’s constituencies to save Social Security from Bush and Wall Street, as Sen. Ron Wyden of Oregon put it.

The moment of unity around FDR’s principles was a victory for Democratic forces working with Lyndon LaRouche and the LaRouche Youth Movement, built up for years precisely to revive the FDR principles of physical economic recovery, regulation, and protection as the mission of the Democratic Party. LaRouche had focussed on the coming Social Security privatization battle since November, putting out 600,000 copies of a LaRouche PAC pamphlet exposing Bush’s Social Security privatization as “a foot in the door to fascism.” LaRouche emphasized on Feb. 3 that the Democrats, though united, “have to keep moving” in a national popular mobilization against Bush, working with LaRouche’s movement at every step. Otherwise, they’ll be picked off by a pressure-and-propaganda drive, on which Wall Street-funded privatization lobbies will spend hundreds of millions of dollars in February and March.

But if Bush—propelled to privatize by demands of a bank-

ing faction represented by George Shultz and Dick Cheney—is defeated by the Democratic mobilization, he will become an instant lame duck. Economic recovery policy will be on the table, open to LaRouche’s Rooseveltian “Super-TVA” policy and proposals like Senator Reid’s infrastructure Marshall Plan.

‘Choose: Roosevelt or Pinochet?’

In a significant sign of the shift in the Democratic opposition, party strategist James Carville, on CNN’s “Crossfire” program on Jan. 27, confronted his debating opponent Robert Novak, repeatedly, with a simple challenge about privatizing Social Security: “I support a Social Security system thought up by Franklin Roosevelt; you’re supporting one thought up by [Chile’s] Gen. Augusto Pinochet, an international criminal. Choose: FDR or Pinochet?” Conservative Novak was reduced virtually to silence.

That morning, the *New York Times*—“borrowing a page from Lyndon LaRouche,” as ABC News reported it—had published a devastating front-page exposé of Chile’s 25-year experience with privatized Social Security. Its main conclusions were two. First, half of those retiring in Chile fall “below the minimum” and get nothing at all from the private accounts they’ve contributed to. They have to be paid a retirement minimum by the government. The *Times* reports that Chile now spends 26% of its entire government budget providing such minimal old age benefits—a larger share than in 1981, the year Social Security was privatized. Second, Chile’s private accounts have been a profit-making bonanza for the companies, known as AFPs, that manage them—fees collected are as much as one-third of the value of the private accounts—while forcing workers to retire into poverty.

Even those older Chileans with higher incomes and steady jobs, who contributed 10% of their salary for more than 20 years, are now retiring with far smaller pensions than their colleagues who stayed in the old Social Security system. The failure of Pinochet's privatization—"imposed at the point of a bayonet," wrote a *Wall Street Journal* columnist on Feb. 3—has created a new term, "pension damage," and an Association of People With Pension Damage, 157,000 members and growing.

On Jan. 28, with both the *Times* exposé and LaRouche's pamphlet circulating around Capitol Hill, the Senate Democratic Policy Committee held its first oversight hearing—on Social Security, making clear that defeating privatization is the Democratic leadership's first priority. One panel exposed Bush's privatization scheme itself; the second, a "whistleblowers'" panel, exposed the outrageous Bush Administration use of Social Security employees, official publications, and tax dollars brazenly to push lies about a "Social Security crisis," and explicitly to promote privatization.

Here, FDR grandson James Roosevelt, Jr. denounced White House strategist Karl Rove's use of film clips of President Roosevelt signing the Social Security Act, in Republican propaganda ads to dismantle it. "This is a disgrace and an insult to my grandfather's memory," Roosevelt said. "These acts are outrageous."

At the hearing, Democratic Senators Barbara Mikulski (Md.) and Ron Wyden (Wash.) pointed to Wall Street interests as the driving force of privatization.

'Opening Shot in a War'

Then on Feb. 1, the Congressional Democrats launched a public war and a "war-room." Leaving no doubt that beating Bush on Social Security privatization is by far their top priority, Rep. Sander Levin of Michigan chaired a 9:00 a.m. strategy session, bringing together Congressional staffs and "outside groups" for an election-style mobilization to stop Bush. LaRouche representatives were invited and attended, among about 100 people representing 30 or so labor, left, and progressive groups and dozens of Congressional offices.

"Wednesday night will be the opening shot in a war," said Levin to begin the meeting. "We're going to win. We have no choice but to win. . . . If they take Social Security, there's no barrier left in this nation. This is really *it*." Repeatedly, Levin stressed to the meeting, "We will not be lured into proposing alternatives to meet a 'crisis' which does not exist."

The meeting announced that Democratic Representatives will be holding town meetings against privatization in their districts throughout the country in February, and speaking at public meetings organized by political and labor groups and on campuses; Congressional staff gave out a target list of Republicans in the pro-privatization, anti-privatization, and "flip-flop" categories. And it announced counter-demonstra-

tions against Bush on his five-state tour—called by some, his "on the road to fascism tour—to drum up support for dismantling Social Security.

These counter-demonstrations—led by Democratic Congressmen and state legislators—were organized in states, such as Nebraska, where the Democratic National Committee had not organized anything during the Presidential election campaign.

On the afternoon of Feb. 1, Senator Minority Leader Reid challenged the President in a tough press conference at the Capitol. Reid stated definitively that he has the votes in the Senate to stop Bush's Social Security privatization scheme. "I don't know of a single Democratic Senator" who will back it, Reid said, thereby making clear to members of his own party how critical it is to stand firm and defeat the dismantling and stealing of Social Security. "President Bush should forget about privatizing Social Security. It will not happen," said the Minority Leader.

As Reid spoke, he and House Minority Leader Nancy Pelosi were organizing a Capitol-steps mass rally for Feb. 3 at 9:00 am, to "stand up against privatization of Social Security." This first rally was dominated by its LaRouche Youth Movement contingent.

Documentation

'Privatization Will Collapse Social Security'

From the testimony of James Roosevelt, Jr., former Deputy Commissioner of Social Security, to the Senate Democratic Policy Committee Hearing on Jan. 28. His grandfather, President Franklin D. Roosevelt, was quoted by a biographer as saying, "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. Those payroll taxes are so that no damn politician can ever scrap my Social Security program."

My grandfather, President Franklin D. Roosevelt, founded Social Security for very simple but important reasons. He believed that the only enemy that could ever defeat the United States of America was fear itself. He and my grandmother, Eleanor, looked at America and found fear of want—particularly, after retirement or loss of a parent. In fact, not just during the Great Depression, but as late as 1950, when a majority of retirees were just beginning to receive Social Security benefits, nearly half of all Americans over 65 years old were below



“Invoking the spirit of FDR, Senate Democrats demand the President not add trillions to the debt in a risky privatization scheme,” said Senate Minority Leader Harry Reid (center) and Sen. Charles Schumer at the FDR Memorial in Washington on Feb. 3. President Franklin Roosevelt’s policy principles have been brought back to the center of a Democratic Party, under tremendous pressure to give them up. The battle could “lame duck” George Bush.

the poverty line. Today, thanks in large part to Social Security, only 8% are—tremendous progress.

FDR believed that Social Security should be simple, guaranteed, fair, earned, and available to all Americans. He knew that people who are very successful may also suffer unpredictable reversals that can impact them in retirement. That’s why he rejected financing Social Security out of general tax revenues—subject to budget negotiations—and he rejected borrowing to fund its start-up. Instead, he insisted on a payroll tax shared equally between employer and employee. President Roosevelt was adamant that Social Security was insurance, to assure basic needs in retirement. I repeat: Its success lies in the fact that it has always been an insurance plan—not a welfare plan.

As a former Wall Street lawyer, my grandfather knew very well the risks and rewards of the stock market. . . . That’s why he proposed creation of the Securities and Exchange Commission. But Social Security was—and is—something different. It is the guaranteed basis of a secure retirement. It is the guarantee of independence for retired Americans. It is the guarantee that the basic needs of older Americans will not have to be provided by their children, while they try to provide for themselves and their own children. That’s the way it was before Social Security. And the risk is that we will return to those burdens if the guaranteed benefit is eliminated. Drastic changes which divert the payroll tax to privatization will almost certainly eliminate that guaranteed benefit by imposing trillions of dollars of new costs on the government, and creating massive Federal debt. Privatization threatens to bring about the collapse of the entire Social Security system.