

# LYM Internet Forum: Restore Real Social Security for Ibero-America!

by Cynthia R. Rush

The April 20 Internet forum, “Toward the Revival of Ibero-America’s Social Security System,” organized entirely at the initiative of the LaRouche Youth Movement (LYM), brought together activists from Argentina, Chile, Mexico, and the United States, to discuss how to reinstate those policies that protect the General Welfare, in the context of the imminent global financial crash. The international forum attracted trade-union and other institutional representatives from these nations, who are mobilizing to restore the state-run social security systems that were brutally privatized in Ibero-America during the free-market binge of the 1980s and 1990s. Dialogue among the participants made clear that continent-wide collaboration is a powerful tool in this fight.

*EIR*’s Ibero-America analyst Cynthia Rush set the tone for the debate in presenting Lyndon LaRouche’s analysis of the impending financial crash—exemplified by unbridled commodity price speculation, and hyperinflation, and the exploding housing bubble. Rush documented George Bush’s insanity, the history of Synarchist banker Felix Rohatyn’s backing for the fascist 1973 Pinochet coup in Chile, and Rohatyn’s current deployment into the U.S. Democratic Party against LaRouche’s programmatic leadership.

“You can’t talk about social security without addressing the international financial crisis,” she emphasized. The 1981 privatization of Chile’s social security system, imposed by a Nazi-style dictatorship, was presented, not as a national issue, but as the reflection of an international model imposed by the same Synarchist financiers who today give orders to the George W. Bush Administration. Former Secretary of State George P. Shultz, who backed the Pinochet coup and subsequent imposition of the University of Chicago’s fascist free-market economics on that country, was also behind the Bush Administration’s 2005 drive to privatize the Social Security system created by President Franklin Delano Roosevelt in the United States.

That drive failed, Rush noted, in large part due to the LaRouche movement’s exposé of the Chilean roots of the proposal. If the principle of the General Welfare, embedded in almost all of Ibero-America’s constitutions, is to be restored, Rush said, it will require a new Bretton Woods system also committed to that principle. The current system is dead. LaRouche’s role in the United States, and the importance of the informal grouping of Ibero-American Presidents demand-

ing an alternative to the International Monetary Fund’s deadly policies, were also discussed. One of the financial oligarchy’s greatest fears, Rush underscored, is the possibility that Chile’s new President Michelle Bachelet and Argentine President Néstor Kirchner, might work together in providing leadership to that “Presidents’ Club.”

## Chile: A ‘Historic Moment’

Chilean guests María Luz Navarrete of the National Association of Tax Employees (ANEF) and the Institute for Social Security Normalization (INP), and Isabel Márquez, also of the INP, provided important insight into the “historic moment” Chile now faces because of President Bachelet’s stated commitment to reform the private pension, or AFP system. After documenting the desperate situation in which the privatization has left millions of workers—60% of AFP affiliates will receive no pension—Márquez explained that the organizations she works with are in the process of creating a large national movement to demand something more than a “cosmetic” reform. Pension reform isn’t a technical issue, she stated. “It is a political and social problem . . . and if we aren’t capable of fighting now, we won’t achieve the reform that is really needed.”

Navarrete movingly described her organization’s battle against the privatized system, noting that people had suffered torture and death in the attempt to stop the “Chicago Boys’ ” smashing of the state system. As she told *EIR* afterward, she was very touched by the opportunity to address fellow activ-



*Isabel Márquez of Chile’s Institute for Social Security Normalization.*



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*Argentine LaRouche Youth Movement leader Diego Bogomolny, shown here speaking with Argentine Vice President Daniel Scioli, at the November, 2005 Mar del Plata Americas Summit, addressed the forum on April 20. The LYM has taken up the issue of reviving Ibero-America's Social Security system, as an international issue which goes to the core of the general welfare.*

ists in Argentina, Mexico, and the United States, and to know that Chile can count on their solidarity. It brings Chileans “great joy,” she said, to know that this is an Ibero-American movement, “and that the people of the United States are also fighting.”

### **Argentina: Synarchy Is Still on the Move**

Peronist union leader Leonardo Fabré, secretary general of Argentina's National Social Security Employees Association (APOPS), shaped his presentation in response to several points made by Rush, and stated his agreement on the nature of the common international enemy to be defeated. He was particularly struck by Rush's use of the term “Synarchy,” since former President Juan Domingo Perón had also identified the Synarchy as Argentina's chief international foe. Synarchy was responsible for overthrowing Ibero-American Presidents in the 1950s, '60s and '70s, Fabré noted. “And that enemy is still around. So I understand why Argentina's President moves cautiously.”

Speaking before an audience of 30 people gathered at the Evita Museum in Buenos Aires, in addition to a panel of representatives of state agencies and social service organizations, Fabré agreed that the global financial system is about to collapse, but added that this also represents an opportunity to fight for a New World Economic Order. Social security “goes well beyond the word ‘social’ or ‘security,’ ” he said. “It has to do with a humanist character of life, of putting the human being at the center of everything.” The neo-liberal model had replaced the human being with financial specula-

tion, Fabré said. Today, the grouping of like-minded Ibero-American Presidents—“and there will be more coming,” he said—offers hope because they are aligned with the more humanist perspective.

Like his Chilean counterparts, Fabré underscored the urgency of acting now. It is time to “go to the Congress, and write a bill stating that there is only *one* obligatory pension system, as our national Constitution indicates, and that is the state system. Any private system must be . . . optional.”

### **Ibero-American Solidarity Is Key**

In Mexico, Agustín Castillo López, an aide to Mexican Federal Deputy Agustín Rodríguez, who is also the Secretary General of the STUNAM (Employees Union of Mexico's National Autonomous University), outlined the neo-liberal

attempts of the 1980s and 1990s to smash and privatize the country's social security system, and how workers are organizing to resist this. The Mexican Constitution is very clear on the state's obligation to provide social security protection, Castillo said, but backers of the IMF's policies are intent on privatizing not only social security, but state medical services, and many other gains made over the years by the labor movement, beginning with the 1910 Mexican Revolution and extending into the 1940s and 1950s.

“We are convinced,” Castillo said, that only through continental coordination can workers build the muscle to demand the rights to which they are entitled under the Constitution.

To those who were struck by the debate, and the references to Synarchy, Argentine LYM leader Diego Bogomolny explained that “this is what the LaRouche Youth Movement does internationally. LaRouche gave us the mission of restoring the General Welfare for humanity, and this won't be done if we don't create a new world financial order that guarantees the sovereignty of nation-states.” In the battle to return to the system of Social Security established by Franklin Roosevelt, and implemented in Argentina by Juan Domingo Perón in the 20th Century, Bogomolny said, “We have to also fight from an international standpoint.” The forum, he said, served as a useful mechanism to “develop a joint strategy to re-establish, but also go beyond what social security was previously. . . . [and create] a society in which men won't be limited by other men, or by poverty; and society will be able to rise to heights never before seen. . . . And this is possible, because of human creativity.”

# Private Pension Systems Serve Banks, Not People

## Chile

*From the speech by María Luz Navarrete, national director of the Employees Association of the Institute for Social Security Normalization (INP), and vice president for Social Security Affairs at the National Association of Tax Employees (ANEF). All speeches have been translated from Spanish.*

It is a pleasure for me to be able to speak on behalf of Chilean workers, who have brutally suffered not only death, torture, disappearances, and prison, but whose social security funds, accumulated since the late 19th Century, have been looted. This is social security which was built on the foundations of Chilean trade unionism which was very, very badly treated by, first, the British and then the U.S. oligarchy. . . .

In 1973 (the year of the Pinochet military coup), they destroyed us, and a major propaganda campaign against the pension funds was launched. They stripped the funds of all their assets, which at that time was largely real estate. Nearly all of Santiago's buildings have plaques stating that they were built by the Public Employees Pension Fund, by the Bank Workers Fund, etc. The military took over the assets, the funds, the funds' recreation centers, and in 1980, as the great economic crisis approached, they decided to take over the entire state system. There wasn't much of a reaction, since we had no possibility of defending ourselves. . . . One of our trade union leaders at that time was assassinated, and there was no possibility of a mass resistance to the ominous consequences of a private pension fund system, the AFPs [Pension Fund Administrators]. . . .

There were military officers deployed to oversee the pension funds. So people couldn't say, "No, I'm not going to switch" [from the public to the private system]. In private companies, the bosses, of course, forced people [to switch to the AFPs]. And in this system, only the workers contributed to the funds, not management. And [the AFPs] didn't improve the quality of work, didn't increase the work force, or raise wages. They did not develop the country, as promised.

Today, the situation is dramatic. We have 7 million members of the AFP system. . . . Of these, half of them—more than 3 million people—have no right to a pension because they didn't meet the minimum requirement of having 14 million Chilean pesos on deposit in the funds. The exchange rate is 500 Chilean pesos to the dollar. The other

half of the affiliates are going to get minimum pensions, and only some 2% are going to get a pension that exceeds or comes close to what they earned when they were working.

So the crisis here in Chile is extraordinarily big. . . . But we also have an historic opportunity to return [to a system in which] all Chileans will be able to retire without having to live in misery, as was the case at the beginning of the 19th Century, when workers had no rights and had to organize mutual protection societies to be able to be compensated for all the risks that life offered us, above all, exploitation. . . .

The bases are mobilizing; the Chilean population is, I believe, at a crossroads, and is going to respond well, just as it did in the 90s, or at the end of the 1980s, to the call to "defeat the dictatorship!" I believe that once again we are going to defeat the dictatorship, and it gives us great joy to know that we are not alone, that this is an Ibero-American movement and that the people of the United States are also in this battle.

I tell you wholeheartedly: We are going to defeat the AFPs!

*From the speech by Isabel Márquez, sociologist, and official of the Institute for Social Security Normalization (INP).*

. . . It's no surprise that the issue of social security reform is posed today here in Chile as the agenda of the current government. That issue had to be taken up. Why? Because many of us have for years been trying to get this issue into the light of day, but with little success. Happily, there were Presidential elections, and this was an issue that they had to address, without doubt, because there are many people affected by it. So we are glad about that.

But, what is happening today with the proposed reforms? A committee was formed. . . . to analyze the question of social security reform in Chile. The idea was that this committee would be sufficiently broad to include trade union sectors, social organizations, and other sectors. Despite this, the committee that was created is totally technical, *only* technical. Seventy percent of the committee that the Michele Bachelet government created, is made up of people who have been fierce defenders of the AFP system, and other technocrats who are also at the service of the neo-liberal model.

This isn't the only problem. The framework established for the reform is absolutely inadequate, as it is limited to only reforming Decree-Law 3500, which created the private AFP system. Since the government didn't take into account social organizations, much less those of us who have fought and who have done studies years ago on this question, that moved us to react and to begin to fight as a movement, which includes sectoral associations, trade unions, and other social organizations.

. . . The main issue here, and the one we want addressed, is that we cannot approach reform from such a narrow view-

point. We need a reform of a social protection system understood as one that protects everyone, and which additionally, should take responsibility for the reality facing this country's labor force.

Despite studies to the contrary, it has already been proven that this private pension system . . . is going to leave 60% of its affiliates without a pension. There is a large percentage which is going to receive a minimal pension. The majority of the people are going to receive one-third of what they earn, and it will favor approximately 10%, who are the people who have a lot of money. These are the only people the system serves, not the others. It is a system that bears no relation to the reality of the Chilean labor force. In Chile, there is no job stability; 70% of the people earn less than 200,000 pesos.

So, the system is no good. Why? Because we live in an open-market economy, with globalization, with free trade agreements that leave millions of people outside the labor market. So employment in Chile is seasonal: on average people have a chance to work 5.2 months out of the year! There is no way this reality can sustain a private pension system.

The fight we are waging today is for there to be a genuine reform of the social security system, and not just a cosmetic reform of the private pension fund system. It is the case that if we don't mobilize large numbers of people in Chile, we shall achieve nothing. This is the only historic opportunity that we are going to have as a country to reform this system which has done so much harm to people. If we aren't capable today of fighting, of going out on the streets and opposing what has so far been proposed, we won't get the reform that is really needed. . . .

The reality today is that this is what we are fighting for, with one disadvantage: Chileans today are a people neutralized by consumerism, by credit card debt, where it takes a lot for people to dare to fight, for fear of losing their jobs. . . . These are the conditions we face today. . . .

It is a risk we undertake as a social responsibility, and not as an *individual* one, as the private pension system today emphasizes. There are many proposals which are technically viable, but the problem of social security reform is not a technical one. It is a political and social problem. And, as I said earlier, if the big social movements don't fight for this, the social security reform will be nothing more than a salute to the flag.

## Argentina

*From the speech of Leonardo Fabr , Secretary General of Argentina's National Social Security Employees Association, APOPS.*

Cynthia's statistics from the United States are impressive. . . . We discussed that just as the model was overturned in Argentina, so it will be overturned in the key countries that back this model. We said this four years ago, and Cynthia confirms . . . as highly probable that the economic model will

come down in the third quarter of this year. . . .

From my standpoint, the economic facts are important. They confirm that the system is really coming down. What we regret, as we Peronists say here in Argentina, is that when you hear the shots, unfortunately it's the people that are the first to go down. What we were thinking as Cynthia spoke, was that the architects of this unjust economic model certainly must have made some preparation to protect themselves from this oncoming world crash.

So, those who will be hurt immediately are the people themselves. Not only the people of the developing or poorest nations, but even the people of the United States who, as Cynthia pointed out, have a President whose mental state is at best problematic; and she literally said he is crazy. And I think we agree with this. He is crazy. And when he tried to privatize the U.S. Social Security system last year, those of us who are permanently monitoring social security, said to ourselves that something really wrong is happening in the United States.

So, while we can't be happy about the economic and social problems approaching, every crisis represents an opportunity. We believe that this crisis is also an opportunity—to bring about a New World Economic Order.

If the decades of the 1960s and 1970s were bloody due to the national security doctrine that came out of the United States—although really things began earlier, in the 1950s—with the transvestite democracy that they tried to impose on us, the 1980s were equally cruel. We didn't hear shots, nor were there military coups, but poverty inundated Ibero-America with almost greater intensity than under the dictatorships.

The model thus made clear its objective which, as our American friend stated, is to return us to a dark age, to feudalism. . . . The only systems that can save the planet, and the human race, are those that evolved from regimes based on solidarity, beginning with the democratic system. And also related to this . . . [is] a system of subjectivities, what is essentially human, and that is the social security system that goes well beyond the word "security" or "social." It has to do very profoundly with the humanist character of life—of putting the human being back at the center of things, as every religion, without exception, preaches: man as creation, at the center of everything.

The neo-liberal model put financial speculation in place of man. This is the result of the change in priorities. That change from [Franklin Delano] Roosevelt to [George W.] Bush. The change from [Juan Domingo] Per n to [former President Carlos] Menem, if you will. Changes such as [new Chilean President Michelle] Bachelet, such as Evo Morales, Kirchner, Lula and all the Presidents—and there will be more coming—symbolize great hope because these [Presidents] are closer to that humanist perspective.

I'm here to talk about social security and protection, but we can't talk about social security without discussing politics.



*This LaRouche PAC pamphlet was issued in the United States in Spanish and English. The headline reads: "Privatization of Social Security: Bush Opens the Door to Fascism."*

Only a change in policies can guarantee a change in social security, health and education policies. . . . When we talk about a retiree, we also talk about a defenseless child, or woman, or working class. . . . In general, we all grew up in the 1940s, 1950s, and 1960s, in an era full of the hope that we were moving toward the possibility of a more just world, especially after World War II. . . .

But it didn't turn out that way. Today, power doesn't really rest with the big powers. Power is in the faceless international financial and banking system, that is silently speculating with human life.

Cynthia mentioned the new mortgage systems in the United States, run by this financial power. But it's not just in the United States—this has been happening around the world. The first pension fund to collapse wasn't a Chilean, Argentine, or Colombian fund. It was British! This didn't get a lot of publicity, but 700,000 British workers lost everything.

And even some of the companies that were consultants to our own National Social Security Administration, such as the Arthur Andersen company, are now bankrupt in the United States and helped bring Enron down. We paid them \$13 million annually, and they advised us to change our

social security system, supposedly because it was an obsolete, bankrupt system that had to be privatized.

That's when we figured out that it was all connected. Now this all began in the 1950s, when there was a geopolitical situation very similar to Ibero-America today—countries like Brazil, Argentina, Chile, and even Colombia had a similar Latin Americanist democratic outlook. The defense of people's interests came first. But then—oh, what a coincidence!—between 1950 and 1955 we suddenly saw assassinations of Presidents (Colombia), coups, suicides (the case of a Brazilian President), and a coup in Argentina. They bombed Buenos Aires in June of 1955. The democratic government [of Juan Perón] fell in September of 1955, and four months later, in 1956, Argentina joined the International Monetary Fund. . . .

Those Presidents thought they were strong, and they were. But they couldn't stand up against that word we heard Cynthia mention: Synarchy. Juan Perón spoke of international Synarchy, as did other leaders. And today we hear our American friend once again mention that tragic word. . . .

Because that enemy is still there. . . . So I can understand why the Argentine President [Kirchner] treads very cautiously. I don't know why the AFJP [Argentina's private pension funds] still exist today. The private pension funds are cited as the major cause for the buildup of debt—\$57 million according to official estimates—during the 1990s. These AFJPs are nothing more than disguised banks.

These AFJPs already have \$30 billion, or maybe more, in their coffers. It's irritating to think that the \$30 billion stolen from workers could be used for schools, roads, houses, and in so many things the Argentine people need. But more irritating is the plight of an Argentine worker who contributes funds to an AFJP and then loses his job—there are millions who are jobless—but the AFJP keeps charging for maintaining this account, right down to the very last peso in it.

So the principle of social security solidarity was lost completely. The Argentine Constitution says that only the State is responsible for social security services (Article 14). Despite this, the Argentine state today unconstitutionally delegates social security responsibility to private companies, who are robbing workers. We Argentines put 100 pesos into an AFJP account, and we're credited with 60. Forty pesos go to paying for administrative and insurance costs.

There is no greater fraud in the financial world today. At least in Chile, they said, "We'll smash the system because we are the military, we're part of a dictatorship." . . . But here in Argentina they told us that the system was "mixed."

It's not mixed. It was created only to benefit the banks. Anyone who has a private account cannot return to the public system. But whoever is in the public system, can also contribute to an AFJP. The most perverse aspect of this is the case of young inexperienced workers just

entering the labor force who, if they fail to make a choice within 90 days, end up being thrown into the private system because they didn't choose. That poor worker aged 18 to 20, is thrown by lottery into an AFJP that he never chose. Ninety per cent of AFJP clients never opted for the private system.

What does this aggression—the last great economic and social aggression in Argentina—mean? It is the responsibility of the Argentine political class to resolve this situation that began in 1955, was exacerbated in 1976 with the bloodiest dictatorship Argentina has ever known, and continued with the weak democratic system starting in 1983. Today, our President is trying, prudently, to get us out of the trap into which this new colonial system has thrown us.

What isn't done with bayonets or tanks is done with loans, loans that we never asked for. An illegitimate foreign debt—not just illegal but illegitimate—created under cover of our dictatorships: Chile's, Argentina's, Brazil's. The largest amount of foreign debt was contracted by the military dictatorship that ruled Argentina between 1976 and 1983.

I mention a few of the all very important points that were mentioned.

We need a cultural paradigm shift. We have to remember that we are humanity, that we are the only living being that developed intelligence. . . . We must remember who we are, and remember that if we want to treat others well, we have to begin by treating ourselves well. No one will develop in a planet that doesn't develop. If people are dying of hunger in the North and in the South, it won't be possible to achieve happiness. It's impossible. There is no logic, not even scientific logic to it.

That's why we've been left practically bereft of social security, public education or public health, because the market was supposed to save everyone. You stopped being a citizen and began to be a consumer, a client. Credit card companies sent you gifts and we lived in a bubble—as our American friend indicated—that famous bubble of lies. Argentina lived through and suffered from the explosion of that lie.

A portion of that lie is the \$50 billion that was stolen from the Argentine Social Security system—workers' money. Now, I ask: Are we going to wait for the \$30 billion in the AFJPs to also evaporate in a new crisis? Or are we going to take the bull by the horns, go to Congress, write a bill stating that there is *only one obligatory pension system* which is the state system, as Argentina's National Constitution states. Any other private system must be . . . optional.

We must continue with the solidarity-based systems, in Argentina and in the world. I pay so that my 80-year-old neighbor can collect. My son pays so that I can collect. Let us develop this solidarity-based system as a constant, not only for social security, but in all aspects of life. This is the only reliable road to take to confront this new historic phase the world is facing.

## Mexico

*From the speech by Augustín Castillo López, an aide to Federal Deputy Augustín Rodríguez, who is also the Secretary General of the Employees Union of Mexico's National Autonomous University, UNAM.*

As a result of the 1980s, and particularly in the 1990s and in this last period of the 20th Century, Mexico's workers have been assaulted by neo-liberal policy, just as in the rest of the continent.

For us, it is clear. And we have been experiencing this in the rest of the world as well, where no country has been able to meet its set goals with regard to retirements and pensions for its respective workers.

Aware of this, we have been searching for a possible solution, for us to be able to achieve retirement, pensions, in accordance with the intent of the Constitution of the United States of Mexico.

However, we have encountered differences, because there have been modifications, or proposed modifications, by the Mexican government, based on a neo-liberal policy with the intention of privatizing all the social services, in retirement and pensions, medical services, and in the cutbacks of many of the gains that we have won through many years of struggle, and which have been enshrined in our collective labor contracts.

We have been waging this fight, and so far, they have been unable to impose these modifications. We are aware that we will be beginning a new stage with this new government that will come in with the July 2 [Presidential] elections; and whoever is the winner that day will have to propose a new strategy to be able to provide solutions to the problem of retirement and pensions. . . .

We have launched a process which is allowing us to consolidate an independent and democratic movement with the majority of the sectors of the labor movement, whether from the industrial wing, from services, from the banks, etc., and also of the universities, in which we seek [to forge] a single national process respectful of the Constitution of the Republic. . . .

We have succeeded in defending the ISSTE system, the system for state service workers, despite the insistence of the State. We have insisted on permanent resistance until we can find a balance and guarantees [of the defense of] the rights of the workers, won beginning with the 1910 Mexican Revolution, and the consolidation of services from the 1940s and '50s. . . .

This is one of our demands, as university workers, as a center of culture, of study and of analysis. We are committed to our society and to all the Americas, to be able to achieve better ways to benefit the working classes . . . to be able to defeat the international policies of the International Monetary Fund and the World Bank, to be able to effectively act for the benefit of the great masses of workers.