

Wall St. Insists Bush Take Social Security; LaRouche Says No

by Paul Gallagher

A shift has taken place in the U.S. political arena since Election Day. The dramatic breakthrough of Jan. 6 achieved by Democrats, in challenging and forcing Congressional debate over suppression of Democratic votes in President Bush's re-election, blew a hole in Bush's "mandate" in the eyes of Americans, and greatly strengthened the coherence and spirit of his Congressional opposition. Lyndon LaRouche's LPAC political action committee played a key role in the strategy which led to the Jan. 6 result.

Now, like Napoleon driving for Moscow, the President has charged into a major strategic mistake by staking his self-claimed "political capital" on a manic campaign to "privatize" and do away with the institution of Social Security. Privatizing Social Security, including cutting its benefits, appears virtually to have become Bush's sole priority. Against the backdrop of an Iraq war disaster slowly but continuously repelling the American public from Bush, the Social Security privatization battle is the knife-edge of a fight which could make him a lame-duck President in short order. The fight to stop him from looting Social Security with such a scheme, has been turned—by Bush himself—into the front line of battle for Congressional opponents, labor and seniors' organizations, and all currents of the Democratic Party; and it has split the Republicans.

Here again, at the center of this battle, is LaRouche, whose 24-page pamphlet and other ammunition against the Bush swindle is all over Capitol Hill and the rest of the capital. Its mass circulation in the country at large began at New Year's.

LaRouche advised the Congressional Democrats that, although Bush was making a big mistake in his all-out attempt to claim Social Security is bankrupt and to pull it down, the President would nonetheless not let up, but wage an all-out "election campaign" to force it through. The cause: Key banking and financial figures are ordering Bush to throw all political reason to the winds. Epitomized by senior Republican "fixer" and financial policy manipulator George Shultz, these bankers have demanded Bush do whatever it takes to crack Social Security. Its \$500 billion a year in employees' payroll contributions is the largest cash-flow in sight to be



George W. Bush's Jan. 11 staged Social Security "conversation" with carefully selected "ordinary citizens," was a simple propaganda attack on the Social Security system, whose \$500 billion a year in employee contributions, Wall Street badly wants. Bush five times repeated that Social Security would soon be "bankrupt," when in fact it is rolling in surpluses.

turned over to Wall Street as "private accounts," in an attempt to keep the dollar bubble alive for a while longer. So-called privatization, as Sen. Edward Kennedy (D-Mass.) agreed in a major speech on Jan. 12 at the National Press Club, is nothing but "a giant bonanza for Wall Street."

This strategic reality was underlined on Jan. 11 when the *Wall Street Journal*, noting widespread Republican distress as details of Bush's intended cuts to Social Security benefits began to leak out, ran an exclusive interview in which the President promised to "carry the ball" at the head of a big Karl Rove-orchestrated campaign to get the public to think that Social Security is in a crisis. The White House scheduled an intense daily schedule of events for the fortnight of Jan. 10-24, involving constant showmanship by Bush, tours by Treasury Secretary John Snow and other Cabinet members; even wheeling out White House heavy Dick Cheney on Jan. 13 for a Cheney-esque 15-minute, no-questions-allowed, virtually no-audience-allowed spot at Catholic University in Washington.

George Bush himself held a carefully-staged "conversation" with a half-dozen Americans carefully selected by privatization think-tanks, on Jan 10 at the Commerce Department, for media-campaign purposes. Most of the small audience was bused in by right-wing groups like former House Speaker Dick Arney's "FreedomWorks." There, the President repeated five times that the Social Security system—which is rolling in multi-trillion-dollar surpluses—would be "flat bust bankrupt" when young and middle-aged workers retire. Bush, like Cheney and his surrogates, did not allow a single specific or outline of his alleged "privatization plan"

to be discussed on the stage.

LaRouche, in his Jan. 5 Internet broadcast meeting, had made crystal clear to Washington that "there is no threat to Social Security, except Bush's attempt to privatize it." Those, like the Democratic left's "experts" who claimed that this White House drive was purely an "ideological" campaign by conservative enemies of President Franklin Roosevelt's legacy, were blocking out the clear reality of the oncoming dollar financial crash. It is making Wall Street very hungry for the new loot which can be diverted out of Social Security benefits and tax payments into stock and bond investments.

On Jan. 10-12, Snow was on a three-day round of meetings with Wall Street banks about diverting Social Security taxes into their stock and bond funds. While he was there, Merrill Lynch and Co. published a

research report, outlining its expectation that cash diverted from Social Security could provide 25% of the annual flows into those stock and bond funds for the foreseeable future. This would greatly increase flows into equities and bonds, "thereby increasing prices and brokerage firms' trading profits," according to the report. The estimate matched that of a report cited by candidate John Kerry during the Presidential campaign, in which University of Chicago Professor Austen Goolsbee also forecast that Wall Street investment banks could sweep in an average \$15 billion a year in fees alone on these accounts.

Unstated, was the underlying reality that the big market loot flows that Wall Street wants from Social Security are desperately needed, because foreign capital inflows to the United States can no longer keep up with its huge combined trade and budget deficits, and the dollar is threatening to go into free-fall.

And as LaRouche insists, this looting scheme is just a part—although the central and the largest part—of a drive for fascist economics internationally, requiring the looting of wages, pensions, healthcare expenses throughout Europe, South America, and Asia.

That means that if Bush is beaten on Social Security privatization, he becomes a lame duck and a broader economic policy shift, away from fascist looting and toward recovery, becomes possible.

No Compromise Possible

During the first half of January in the Washington, D.C. area alone, organizers of the LaRouche Youth Movement

and the LaRouche PAC put into circulation 50,000 copies of LPAC's hard-hitting pamphlet, *Bush's Social Security Privatization: Foot in the Door to Fascism*. The pamphlet is everywhere in the debates over Bush's "Social Security war" taking place daily around the capital and in Congressional offices. Another 200,000 copies were out around the nation by Jan. 15; but LaRouche emphasized that this weapon must circulate not in hundreds of thousands, but in millions, within another month's time. His advice to Democrats in Congress has been to concentrate on exposing and defeating Bush's attack on Social Security, and do not "offer reasonable alternatives" to this onrushing rogue elephant until his charge is stopped. That course has prevailed so far. During the week of Jan. 10, numerous Democrats came out firmly and publicly against privatization, and at least one Republican—Rep. Robert Simmons of Connecticut—did so as well. The American Association of Retired Persons (AARP) began a multi-million-dollar ad campaign against Bush's privatization on Jan. 4.

LaRouche's reasons are clear. Bush has a "Wall Street mandate" and will not give up this drive even if it shreds his imagined public mandate—it is as if the Presidential

election campaign has started again, with the looting of Social Security and other living standards its central battleground. Thus, the President can't be "backed off" this front; he will have to be thoroughly defeated. Only a mass mobilization of citizenry can achieve that, when Congressional majorities are put under blunt orders to go along despite their own views. In addition, Republican sources stress that several hundred million dollars will be spent, under Bush campaign guru Karl Rove's personal direction, in a national "fear of bankruptcy" campaign which will get down to the district-by-district level as of February. This is being funded by Wall Street front-groups and the "527" committees, led by Rove's Progress for America committee, that spent hundreds of millions during the Presidential campaign (see *EIR*, Jan. 14 for details); this time, the enemy target will not be John Kerry, but Social Security. Bush will count on this mass brainwashing campaign before releasing any "specifics" of the scheme to steal Social Security. It can't be implemented "democratically."

To defeat him, and thus his Presidency, a mobilization on the scale of the last months of the election campaign itself, will be required.

Debunking Bush By Example

President George W. Bush has stopped citing "the great example of Chile" as his model for Social Security privatization, as the LaRouche PAC's pamphlet has exposed the Chilean Pinochet dictatorship's looting project and made it a weapon for the *opponents* of Bush's scheme. Another disastrous early privatization example—Great Britain under Margaret Thatcher—broke into the U.S. debate in mid-January. Many media reported a scathing account of the British privatization scheme by a London *Financial Times* senior reporter, which is appearing in *American Prospect* magazine in February. This history of the switch to private accounts almost 20 years ago under Thatcher, is titled, "A Bloody Mess," and reports, "It was the biggest financial scandal in the United Kingdom to date." The only privatization with a longer and more conclusive history, is that of fascist Chile itself.

The study delineates the disaster and scandal which resulted from Prime Minister Thatcher's 1984-88 series of laws which forced privatization of a part of Britain's public old-age pension system. The old system, though set up after World War II, closely resembled America's Social Security in its insurance benefits and its means of funding. Thatcher's privatized system did indeed prop up the Brit-

ish stock and bond markets after 1988. But it was such a loss for most of the British workers who flocked into it like lemmings, that the current Blair government of Britain has had to order those workers to be paid £12 (\$20 billion) in compensation, for being taken in by a swindle!

Thatcher's first government cut the old-age pension benefits—no surprise, by the same method as Bush's scheme, switching from wage-indexing of benefits to inflation-indexing. Thatcher's second government bribed (with expensive tax rebates from the public treasury) and hyped (with a huge advertising campaign) 4.3 million Britons by 1991 to shift from Social Security into private accounts, like 401(k)s. By the late 1990s, it became clear that most of those who switched, were doing much worse toward their retirement, than if they had stayed in the public system even with its benefit cuts. "On average, fees and charges [reduced] pension lump sums by up to 30% on retirement," the article reports.

The succession of stock collapses *since* the later 1990s has made their situation even worse: "According to the Department for Work and Pensions, in 2004 alone, 500,000 people abandoned private pensions and moved back into the state system. Government actuaries expect another 250,000 to contract back in this year."

In 2004, the Association of British Insurers urged all its member firms, to avoid further liability, to warn those still "contracted out" that they "might have made a bad choice" for their retirement.—*Paul Gallagher*