



Bush's Plan to Loot Social Security

By Norman D. Livergood

George W. Bush is telling us that Social Security is in trouble NOW. And you can believe everything he tells you--right?

The Bush junta



and Wall Streeters are peddling the **Big Lie** that Social Security is inevitably going bust.

It is not!

The Social Security System (SSS) runs at a surplus of \$100-\$120 billion annually and will continue to do so throughout the twenty-first century! THIS IS WHY THE BUSH JUNTA WANTS TO LOOT SOCIAL SECURITY--IT'S WHERE THE BIG MONEY IS!



This trust fund system is one of the few programs set up by the federal government that works. In 1999, SSS received \$383 billion in checks, \$436 billion in taxes, and an additional \$49 billion in interest. Instead of red ink,

Social Security made almost \$102 billion in profit, to add to the more than \$652 billion it had in surplus from previous years.

Dubya is now LOOTING this Social Security surplus by spending the money on weaponry manufactured by his defense

industry cronies! As usual, Bush II is LYING to try to wreck the entire Social Security System. He's telling the American public that the Social Security fund is NOT a separate fund in trust to the 32 million older Americans whose lives depend on it.

Federal Reserve Chairman, Alan Greenspan, lies that the Social Security system is "financially threatened." Greenspan is endorsing the privatization scams which would require workers to put their Social Security retirement payments into the stock market.

This is the same treacherous stock market in which witless investors lost between \$700 million and \$1 trillion on December 6, 1996, the DAY AFTER Greenspan had admitted that the stock market is in trouble because of what he calls "irrational exuberance." In other words, Greenspan himself intimates that the stock market may be in for a new speculative disaster on the order of the Great Crashes of 1929, 1987, 1998, and 2000--but American workers should put their money in this Big Casino so Wall Street can loot their billions in retirement funds.





Every day the feeding frenzy accelerates, with columnists and other sycophants falling into step, warning us that the Social Security System is facing disaster. Fortunately, some leaders have the courage to speak the truth. Robert M. Ball, former Commissioner of Social Security from 1962-1973 and a member of the Advisory Council on Social Security, has said "there is no financial crisis in Social Security." As Ball explained, the

system is today accruing substantial surpluses and total income will exceed outlays until about the year 2020. After that Social Security reserves--estimated at \$3 trillion--will be used to pay ongoing benefits that exceed the level of current taxes.

The sky is not falling. The fact is that the Social Security System is doing fine and faces only the danger that the public might believe the big lies that Greenspan, Congress, and Wall Street are mounting against it.

Big Lie # 2: The Social Security System will run out of money by the year 2029 (or 2034 or 2037).

Dubya has a long history of lying about Social Security. When he ran for Congress in 1978 he lied that unless people were given personal investment accounts Social Security would go broke by 1988!

(See: "Years Invested in

The Truth: These projections are based on totally unrealistic projections made by so-called bipartisan (but not nonpartisan) commissions packed with Wall Streeters, bankers, and financiers.

George W. Bush's Social Security panel has eight Democrats and eight Republicans, but *all* of them

Social Security Plan," *Los Angeles Times*, 1/30/05)

were picked because they agreed with Dubya's social security Wall Street scam: stock market "personal retirement accounts."

Dubya's former panel was chaired by Senator Daniel Patrick Moynihan (D:NY) and AOL Time Warner's CEO, Richard Parsons. This notwithstanding AOL Time Warner's payment of \$5.5 million in 2000 to settle a lawsuit alleging the company illegally denied pension and health benefits to its workers.

Panel projections take the Social Security System trustees' worst-case scenario and claim it to be the only realistic picture of the future for the SSS. The



so-called independent studies of Social Security funding have been financed by the very Wall Street firms who want to grab the money. For example, the [Cato Institute](#) Project on Social Security

Privatization was funded by American Express, the brokerage house of Alex Brown and Company, and the giant American International Group. The co-chairmen of the Cato Institute project are William Shipman, a senior officer at the Boston State Street Bank, and Jose Piñera, the man who privatized Chile's social security system, resulting in a \$1.5 billion loss to Chilean citizens in 1995.

As Robert Dreyfuss shows in his 1996 [article](#) in *Mother Jones* ("The End of Social Security As We Know It?" Nov/Dec, 1996), the Chilean "model" is a clear warning to Americans, with the Chilean workers losing four percent of their investments in the privatized social security scam while the corporations managing the accounts earned profits of more than twenty percent! The Chilean military dictatorship foisted the social security privatization scam on the workers through their total control over the public media.

How ridiculous is this worst-case projection? Over the past seventy-five years the American economy has been growing at about 2.8% annually. Even during the worst economic times in the U.S. - during the 1930s depression - the economy grew at 1.9%. Now these doomsayers insist that the U.S. economy will only grow at 1.4% annually over the next 75 years! So, if you predict that our economic growth will fall below even the all-time low of the 1930s depression, the Social Security System gets into financial trouble in about the year 2037. But if you take a more realistic view of the U. S. economy, even a modest 2% growth rate, the Social Security System will stay solvent, in fact reap a surplus, *throughout the entire twenty-first century.*

The impact of Social Security benefits on the lives of citizens and on local economies is incalculable. In 1995 Social Security paid \$340 billion in benefits. Forty-two percent of American senior citizens are kept from living in poverty by their Social Security payments. Nearly one in five Americans receives Social Security benefits and ninety-five percent of Americans have the Social Security benefit protection program.

"The privatization of Social Security could well be . . . a tragedy in the making. But it will take years to be found out. It's worth remembering that the poverty rate of the elderly was 35% as late as 1959. Now it's about 10%, because of Social Security."

Jeff Madrick, "Going Easy on the Street," a review of Steve Fraser's *Every Man a Speculator*, *Los Angeles Times Book Review*, 2/6/05

Big Lie # 3: The only way out of disaster for Social Security is privatization.

The Truth: Privatization schemes are PIRATIZATION scams.



The same Wall Street firms who contribute big bucks to the campaigns of presidents and senators now want to loot the Social Security System of trillions of dollars and jeopardize the survival of millions of retired Americans. These

self-appointed leaders established a 40-member Public Pension Reform Caucus in Congress, co-chaired by Representative James Kolbe, Republican of Arizona, and Representative Charles Stenhold, Democrat of Texas. In July, 1996, Representative Nick Smith, Republican from Michigan, introduced H.R. 3758, the "Social Security Solvency Act," which would begin the privatization process by diverting about one-sixth of workers' Social Security contributions into private retirement funds. The amount would increase to 80% over a period of a few years. Other bills now being considered would increase the rate of looting at an even faster clip. Most bills follow the Chilean model, requiring workers to pay an additional 1% annual management fee to the private brokerage firms.

It would be insane for Americans to allow Wall Street brokerage firms to handle the Social Security System



trust fund. These same brokerage firms now manage private pension funds by investing the assets in their own stocks and bonds swindles, often leaving insufficient money in place to pay pensions. They have lost and continue to lose money in Wall Street gambling schemes such as the global derivatives market, still an ongoing \$3.5 trillion a day fiasco, despite scandals and a bad press. Private pension fund losses because of brokerage firm derivatives speculation have already been exposed in Wisconsin, Virginia, Connecticut, and Louisiana.

One of the privatization schemes has been created by a group whose name is right out of 1984: the Quadrennial Advisory Council on Social Security. They plan to have individual workers put 5% of their income into a private IRA, leaving the other 1.2% for the Social Security fund. So you lose your retirement fund through your IRA gambling scheme - and who's going to take care of you?

Wall Street is pumping millions of dollars into a small band of organizations, public relations firms and "think tanks" whose mission it is to undermine public confidence in Social Security and push for privatization. Among the Wall Street trading firms, insurance companies and corporate donors working to undermine Social Security are:

- **Merrill Lynch**
- **T. Rowe Price**
- **Aetna**
- **American Express**
- **Morgan Stanley**
- **Oppenheimer Funds**
- **Quick and Reilly**



- **Watson Wyatt Worldwide**
- **State Street Bank and Trust**
- **Investment Company Institute**
- **DuPont**
- **Motorola**
- **Securities Industries Association**
- **American International Group**

- **National Association of Manufacturers**
- **Fidelity Investments**
- **Blackstone Group**
- **AIG Life**
- **American Council of Life Insurance**
- **Teleos Asset Management**
- **Digital Equipment**
- **I.B.M.**
- **Alex Brown and Sons**
- **Rockport Financial**

Wall Street's Green Hornet and Its Trusty Side-Kick, Cato



The point-man for Wall Street's Social Security scam is Jose Piñera, who was the minister of labor from 1978 to 1980 under the brutal right-wing dictatorship of Alfredo Pinochet in Chile. Piñera is currently president of the International Center for Pension Reform and Co-Chairman of the Cato Project on Social Security Privatization. The Cato Institute, a right-wing think-tank,

claims to be "libertarian," If you wonder why a "libertarian" organization is the spearhead for the privatization scam, you have only to be aware that Merrill Lynch is the chief contributor to Cato's expenses.

Piñera and other Wall Street paid agents tout Chile as the role model for the U.S. to follow in "reforming" its Social Security "crisis." Let's take another close look at the so-called Chilean model:

- Nearly half of Chilean workers choose not to make regular Social Security contributions, because they have little reason to believe that money taken from their checks by the government will ever be returned to them in the form of promised benefits decades into the future**
- The benefits citizens in Chile receive are so breathtakingly low**

they amount to a national disgrace

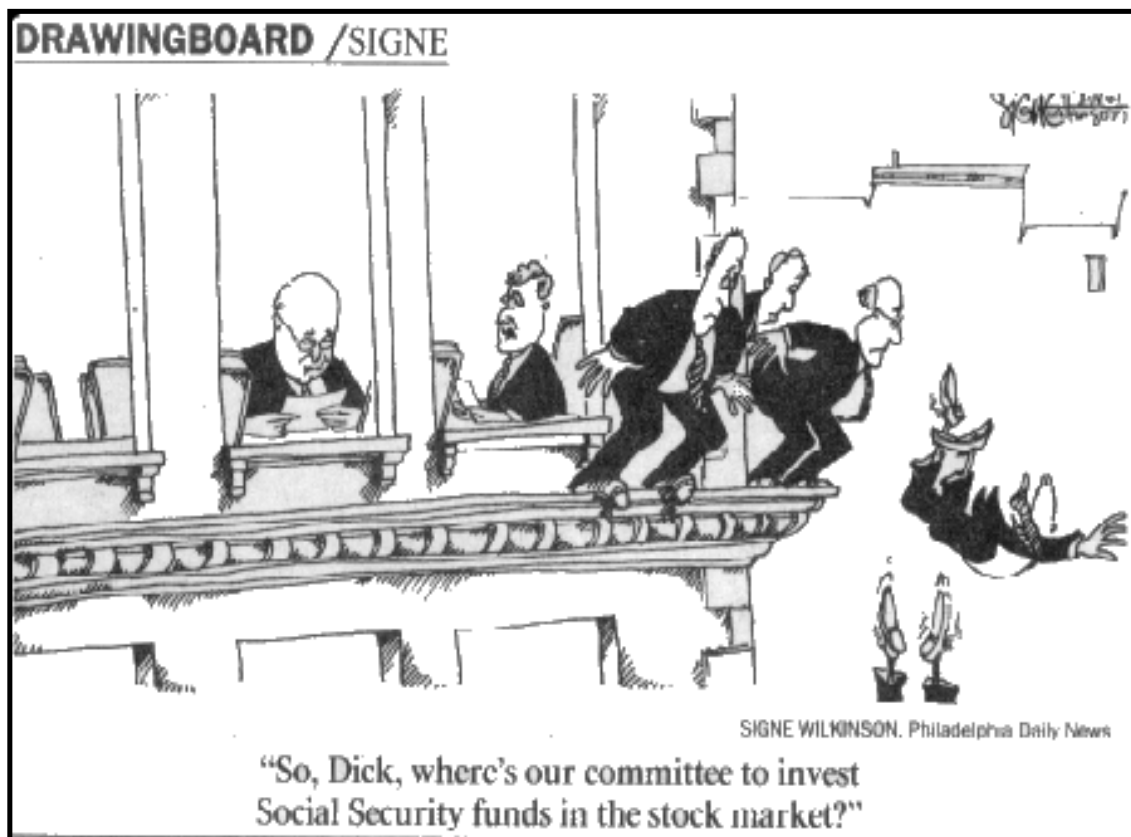
- **Under Chile's new pension system salary deductions are higher than FICA taxes levied**



- in the United States. In Chile, workers must put 10 percent of their earnings into individual retirement accounts, and give 7 percent of their earnings to finance health benefits, and deduct 3.3 percent of their earnings to finance survivor and disability payments. An average worker in Chile, then, pays 20.3 percent in payroll taxes versus 7.65 percent for U.S. workers (15.3 percent including the employers' side).**
- **In Chile, between 10 and 20 percent of worker contributions to the pension funds go to fund administrators, resulting in smaller returns than "gross revenue" statistics would suggest. Between 1982 and 1995, for example, the average rate of return on pension investments in Chile totaled 12.7 percent. After factoring in commissions to fund handlers, however, the average real rate of return of Chilean pension fund investments totaled less than 2 percent! Under the current U.S. system, Americans pay no commissions; and administrative costs eat up less than 1 percent of a workers' contributions.**
 - **The average rate of return on Chilean pension accounts in 1995 was negative 2.5 percent!**
 - **The Chilean stock market lost nearly 20% of its value in the**

first half of 1998, on top of a steep drop which followed the October, 1997 global financial shock

- The Chilean pension fund has dropped from the \$33 billion at its high point in 1997 to \$29 billion today



Having stolen the presidential election, George W. Bush now wants to steal the taxpayers' social security as well by having them invest in Wall Street, which in March, 2000, saw

investors losing \$4 TRILLION. The Bush plan calls for diverting 2% of today's workers' Social Security payroll taxes into private Wall Street accounts, the same accounts. Bush and his Wall Street flunkies want you to think that this refers to a measly 2% of the entire Social Security reserve fund, but it actually means 2% of the 12.4 percentage points of total salary that now go into Social Security payroll taxes--one-sixth of the total payroll tax money. Under this scenario, Social Security would lose one-sixth of the money that now flows in, representing a staggering \$74 billion loss to Social Security the very first year!

Individual stock market accounts would cost a bundle. We'd

have to pay for two Social Security systems at the same time: today's program for current beneficiaries and the privatized system. To cover the price tag, we adjustments--or some mix of these bad choices.

If you want to see what a catastrophe privatization of retirement funds has proved to be, you need go no further than the horrible example of Britain.

Big Lie # 4: There's nothing Americans can do about this crisis - it's bound to happen.

The Truth: First, there is no present crisis - other than the real possibility that Americans will be confused by all the smoke and mirrors created by the very Wall Street people who want to pillage the Social Security System. There is no crisis over the solvency of Social Security; it is a fight over the future of a program started in 1935 that means the difference between life and death for more than 32 million elderly Americans.

American workers must wake up to this present frenzied effort on the part of Big Money to take over the trillions in social security funds. Americans of all ages must tell our congressional representatives that we don't want the Social Security System to be privatized and that we hold them responsible for making sure it doesn't happen. We must speak out against this conspiracy wherever we can.

Contrary to the Big Lies, the sky is NOT falling; the Social Security System is alive and well. But we must protect it from the "defenders of the public good" who are out to plunder it.

The Vultures Are Circling Social Security

The *Wall Street Journal* let the cat out of the bag, announcing that even under moderate privatization plans, \$60 billion a year would flow into mutual funds managed by Wall Street, instead of going into the Social Security Trust Funds. Michael Tanner, director of health and welfare studies at the Cato Institute (read big money think tank), let slip the other incriminating evidence when he admitted that along with Bank of America, Citicorp, Chase, insurance companies, the Investment Company Institute (ICI), and securities firms like Salomon Brothers, Cato's \$2 million privatization project is being funded by "large employers concerned about payroll tax increases." Privatization of Social Security would mean billions of dollars for Wall Street mutual funds managers and employers. The gang that brought you the 1929, 1987, 1998, and 2000 stock market crashes resulting in hapless investors losing billions of dollars are now trying to con Americans into putting their retirement earnings into Wall Street.



But with the billions in profits at stake the big money people are mounting a campaign to convince Americans that Social Security is dead or dying. As usual, they suppose that if they tell a big enough lie American citizens will swallow it. The Investment Company

Institute, which by the way, "donated" \$245,264 to federal

candidates in the 1996 election; Peter G. Peterson, an investment banker, Nixon's commerce secretary, and president of the conservative Concord Coalition; and the libertarian Cato Institute are leading the pack. Their uninformed disciples repeat their propaganda in newspaper letters to the editor and commentaries and magazine articles. The newest cons include trying to convince citizens that Social Security funds invested in U.S. Treasury bonds don't really exist and that the Chilean privatization plan is a model America should adopt.

If you have money in U.S. Treasury bonds or other securities, you expect to get your interest and capital when you redeem them. But, mysteriously, Social Security funds in those same instruments can't expect a return on the investment. Why? Because the scam artists say so. In fact, following the lead of the Concord Coalition and the Cato Institute, the disciples are claiming that Social Security is a giant Ponzi scheme. Doesn't make sense, I know.

Let's Eradicate The Vultures

Dubya is now lying that his 2004 stolen election gives him a "mandate" to complete his 2000 campaign promise to "allow Americans to invest their social security savings in Wall Street."

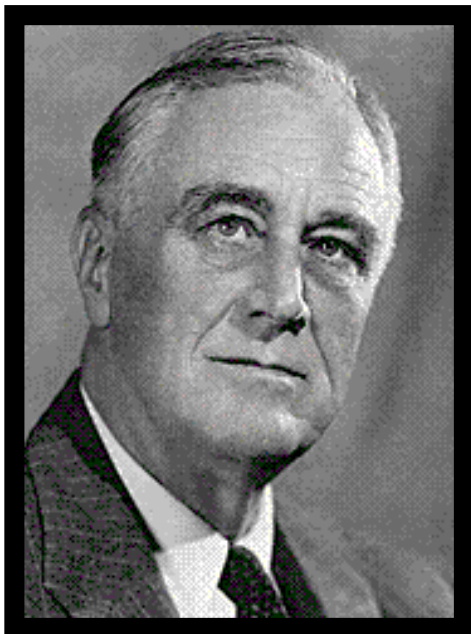
Dubya has now begun to raid the Social Security fund with his new "war on terrorism" budget. This so-called war is entirely of Bush's making and is only for the purpose of giving billions of taxpayers's dollars to his defense industry supporters. Unfortunately, hardly anyone is speaking out against Bush's insane raid on Social Security.

American citizens of all ages must begin fighting now to make sure that Social Security remains in place as it is. Social



Security was created to protect society from the social and economic burdens associated with widespread old-age poverty and misery as seen during the 1930s Depression which was precipitated by the 1929 stock market crash.

By and large, Americans with incomes under \$25,000 a year get back more in benefits than they pay in the form of Social Security payroll taxes. Those with incomes of more than \$50,000 a year get back somewhat less. The U.S. Social Security system is a progressive system — a system designed to improve the economic condition of those on the very bottom of the U.S. economic ladder and reduce economic stratification.



American citizens need to remember President Franklin D. Roosevelt's reply when he was asked why he had set up Social Security as a worker contribution system: "We put those contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program." Unfortunately, FDR

never conceived that a cabal such as is now in control of America would have the gall to LOOT Social Security for the benefit of the ruling plutocrats.

This is a matter of life or death for the millions of people on Social Security . The cabal behind the Bush II junta wants to wipe out all



those who are now receiving Social Security benefits, so they can loot the trillions in the Trust Fund that we've paid into. Bush is saying that he won't cut off people from Social Security who are already receiving it. And we can believe him, right? (think weapons of mass destruction)

In the face of such unmitigated criminality, American citizens

must do everything possible to save Social Security--and our lives.

Updates:

- January 27, 2005: [The Bush Junta's "Horrible Example" of Social Security "Private Accounts"](#)
- January 24, 2005: [Krugman Exposes Social Security Scam](#)
- January 22, 2005: [Bush Plans to Loot the Social Security Trust Fund](#)

Background

- January 21, 2005: [There is No Social Security Crisis](#)
- January 16, 2005: [Social Security Primer](#)
- January 16, 2005: [Is Bush Trying to Concoct a Financial Meltdown with his Social Security Scam?](#)
- January 15, 2005: [Bush Junta Illegally Forcing](#)

- June, 2003: Thomas Frank, "Get Rich or Get Out: Attempted Robbery with a Loaded Federal Budget," *Harper's*

"Here is a sentence that actually occurs on page 31 of the main volume of the [Bush junta proposed] 2004 federal budget:

'But in 2002 the combined shortfall in Social Security and Medicare of nearly \$18 trillion was about five times as large as today's publicly held national debt.'

"An *eighteen trillion dollar shortfall!* Frightening, is it not? Until you read further and realize that, in fact, both programs are

[Social Security Agency to Fund and Direct a Political Plan to Loot Social Security](#)

- January 11, 2005: [Bush Junta Wants to Repeat Britain's Social Security Disaster](#)
- January 10, 2005: [Dubya Manipulates Information to Support His Social Security Looting](#)
- January 4, 2005: [Privatizing Social Security is a fake solution to a fake crisis](#)
- December 17, 2004: [Dubya's Looting of Social Security Will Mean Poverty for the Aged](#)
- December 10, 2004: [Bush's Plan to Piratize Social Security Involves Borrowing and Hoping](#)
- December 7, 2004: [Bush Junta Inventing a Crisis to Piratize Social Security](#)

today in surplus, that Social Security will remain in surplus for fourteen years to come (it will be able to function on the money in its Trust Fund until 2042) and that the \$18 trillion figure is a cumulative seventy-five-year estimate based on extreme long-term projections that will probably turn out to bear as much resemblance to reality then as the Futurama exhibit at the 1939 World's Fair does to our reality today."

- 1/9/03: [Rep. Ron Paul, MD, "The Great Global Social Security Giveaway?"](#)
- 6/21/02: [Paul Krugman, "Bush's Social Security Privatization Schemers Lie About the Numbers"](#)
- 4/2/02: [Paul Krugman, "Social Security is Very Much Alive"](#)

- **December 7, 2004: Ignoring the Facts About Social Security**
- **November 26, 2004: Bush's Insane Privatization Scheme**
- **October 1, 2004: Helen Thomas Shows How Bush Plans to Loot the Social Security Fund**
- **September, 2004: Dubya Orders Invasion of Social Security**
- **August, 2003: Campaign for America's Future**

For additional information:

- **3/7/03: Campaign for America's Future**
- **Social Security Q & A**
- **AFL/CIO**
- **Social Security Links**

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