The plan to privatize Social Security: a $10 trillion bankers' rip-off

by Richard Freeman

The "Contract on America" gang, operating through such agencies as the Public Pension Reform Caucus in Congress, and in league with Wall Street, is working to privatize Social Security. "Piratizing" would be a better word, because the plan, if implemented, would hand over up to *$10 trillion* from the Social Security Trust Fund, to Wall Street sharks and speculators. They seek the funds as one of the last sources of revenue to shore up a collapsing worldwide financial bubble, while raking in $100 billion or more of profits in the process.

And when tens of millions of elderly—and you, when you retire—need the money, it will not be there.

The Social Security system, formally called the Federal Old Age and Survivors and Disability Insurance Trust Funds (OASDI), provides a safety net of guaranteed retirement income, which accounts for more than half the income received by 80% of older Americans. For 15-20% of the elderly, it is the sole source of income. The current average monthly Social Security retirement benefit for Americans who receive it—more than 32 million people aged 65 or over—is $727 per month. It is not charity, and it does not come from the general budget, contrary to the lies of the Conservative Revolution crowd. It is financed by a specially dedicated payroll tax, which most people pay over 30 to 40 years of their working lives, into a separate trust fund.

The Social Security system was set up in 1935 by President Franklin Delano Roosevelt, to fulfill the U.S. Constitution's general welfare clause. It is based on the premise that America is committed to maintaining its elderly with an income that will allow them to live productive retired lives. This was regarded as a basic right. Now, the Dr. Jack Kevorkians of the "Contract on Americans" crowd, believe that grandma and grandpa should be shoved out of the way. Part of their plan for piratization of Social Security involves sharp cuts in benefits. But millions of elderly, and also disabled and survivors who receive OASDI, already live in conditions of poverty.

There have been many scare stories about how the Social Security system is going to run out of money, which is the justification for pushing piratization through. The argument is that the U.S. population is aging too fast, that seniors are too greedy. In fact, because of reforms made in the Social Security system in 1983, the system will be solvent until at least 2029, more than three decades from now. But the system could eventually run out of money, for the reason that the U.S. productive workforce is too small, and is being denied the ability to be productive, as a result of the policies of the "post-industrial society."

A pile of loot

Leading Wall Street pirates, from Lehman Brothers and American Express, to Boston's State Street Bank, are financing the studies on privatizing Social Security, from which they stand to make immense gains. According to projections based on figures from the Social Security Administration, from 1997 to 2010, workers and employers will contribute $9-10 trillion to the trust fund. If the financiers succeed in getting even half of those funds, that would be nearly $5 trillion.

The scheme is being sold as a means of making the fund more profitable for older Americans. Bunk! At present, the Social Security Trust Fund is invested only in government bonds, the most secure paper that exists. Once the fund is invested in the floating crap game called the financial markets, there will be no such thing as financial security for the elderly. The worldwide financial system, as economist Lyndon LaRouche has forecast, is disintegrating. The elderly will be left holding a pile of worthless derivatives, stocks, and whatnot. The retired population will be thrust back to pre-1935 conditions, before Social Security was ever created.

This article will document the scope of the privatization operation. First, it will expose the cabal of privatizers and their plan to privatize Social Security. Second, it will examine the Chilean privatization model, which is often held up as the paradigm for the United States to follow. Finally, it will debunk the scare stories that the Social Security fund is bankrupt, and instead, look at the real long-term cause for any so-called funding problem. It will also consider an obvious solution.

The pirates' cabal

At the center of the piratization effort is the Public Pension Reform Caucus of Congress, which is co-chaired by Rep. James Kolbe (R-Ariz.) and Rep. Charles Stenholm (D-Tex.), a "boll weevil" Democrat. The Caucus has about 40 members, as well as several people who work with it, such as the head of GOPAC, Rep. John "ValuJet" Shadegg (R-Ariz.).

In the second week of July, Rep. Nick Smith (R-Mich.), a member of the Caucus and a clone of Speaker of the House Newt Gingrich (R-Ga.), introduced into Congress H.R. 3758, the "Social Security Solvency Act." It encompasses most of the key features that Wall Street is seeking in privatization legislation. It would:

- divert the first 2.3% that a worker would normally contribute to the Social Security system, into a private retirement account, which would be managed by a Wall Street firm;
- raise the qualifying age for recipients to receive Social Security benefits, from 65 years to 69;
- tighten eligibility requirements, in order to cut benefits;
- while not formally in the bill, Smith's office reports that Smith endorses the idea of recalculating the Consumer Price Index downward, lowering the cost-of-living adjustment that a Social Security recipient receives.

To understand the significance of this, it is useful to look at how the Social Security system is funded. Each worker pays a tax equal to 6.2% of his wages into the Social Security Trust Fund. The employer also pays a tax equal to 6.2% of the worker's paycheck to the trust fund. So, for every worker, a total tax amount equivalent to 12.4% of the worker's paycheck is placed into the fund.

According to Smith's office, after starting with the 2.3% threshold level, the amount of tax that would be diverted to "private retirement accounts," would be increased. After some decades, an amount equal to 10.12% of the 12.4% total Social Security payroll tax would be diverted into a "private retirement account" managed by a Wall Street firm. Given the speed with which Wall Street wants to grab the trust fund money, one could see very soon at least 6.2%, or half of the payroll amount that flows into the Social Security Trust Fund annually, being diverted into Wall Street's hands.

There are bills that would set an even faster timetable than Smith's bill. One is that of Rep. Mark Sanford (R-S.C.), another member of the Public Pension Reform Caucus. Sanford's bill, which has not been released yet, would, in year one, divert the full 12.4% tax that worker and employer combined normally contribute to the Social Security Trust Fund, into "private retirement accounts." This means that the sum of \$9-10 trillion that would normally be placed into the trust fund between 1997 and 2010, would now go straight to Wall Street.

Thus, if privatization passes, \$5-10 trillion would be heisted. This is not a notional amount, as in the case of derivatives, but a real sum, taken from workers' paychecks.

In Chile, the financiers who manage the "private retirement accounts" charge a 1% annual management fee. Just that 1% fee alone would earn Wall Street \$50-100 billion from the loot it gets to manage. Given other fees, and profits from speculating with the money, Wall Street could make half a trillion dollars or more.

TABLE 1
Derivatives sharks raid pension funds
(millions $)

Fund, date	Losses
Other nations	
Chile, September 1995	$1,500
Norwegian Municipality Pension Fund, September 1994	7
U.S. states	
Louisiana Employee Retirement System, October 1992	43
Virginia Retirement System, June 1994	66
Wyoming Retirement Board, September 1994	10
State of Connecticut pension fund, March 1995	25
Wisconsin state retirement fund, May 1995	100
Private companies	
Atlantic Richfield pension fund, May 1994	22
Weyerhauser pension fund, August 1994	22

The risk for workers and retirees is immense. Where would Wall Street invest the funds? Answer: The same place that the bulk of "new investment" in the U.S. economy is going these days: derivatives, stock options, gambling casinos, arbitrage, and commodity futures. As **Table 1** shows, Wall Street investment of state and local government public pension funds into derivatives has resulted in losses totalling tens of millions of dollars. Imagine how much bigger the losses would be with the size of the flow of Social Security money. And when the financial disintegration strikes full force, all the investments will be wiped out.

Wall Street directs the show

What is amazing, is how openly the oligarchical financiers are operating. Even the *Washington Post* commented on this, in a Sept. 20 article entitled "Wall Street's Quiet Message: Privatize Social Security." The *Post* reported that "Wall Street is putting its weight behind the movement in Washington to privatize Social Security. . . . Lobbyists for Wall Street are trying to stay behind the scenes as they argue for privatization because they and their firms stand to profit by the changes they are promoting."

"Behind the scenes" or not, Wall Street runs the whole show.

To draft the privatization legislation, the congressmen in the Public Pension Reform Caucus rely exclusively on a group of think-tanks, run by the fascist Mont Pelerin Society. There are a hundred Mont Pelerin-run think-tanks in the United States, but, according to one congressman's office, the most important in the effort to privatize Social Security are: the Cato Institute, the Heritage Foundation, the National Center for Policy Analysis, the Competitive Enterprise Institute, the

National Taxpayers Union, the Citizens for a Sound Economy, and the Atlas Research Institute. All these are headquartered in Washington, D.C., except for the National Center for Policy Analysis, which is in Dallas, and the Atlas Research Institute, which is in Virginia.

The most important think-tank in the effort to privatize Social Security is the Cato Institute, which is funded by Chase Manhattan Bank, Citicorp, Exxon Corp, Fidelity Investments, Golden Rule Insurance (which is also big in the "managed" health care field), Philip Morris Company, Prudential Securities, George Bush's White House counsel C. Boyden Gray, and speculator George Soros. The Cato Institute also runs the most important center for Social Security privatization, the Cato Project on Social Security Privatization. This program is funded by such financial sharks as American Express Co., the brokerage house of Alex Brown and Company (which is allied to the Harriman financial interests), and the giant American International Group insurance company, which is run by Maurice "Hank" Greenberg, a leading member of Britain's Club of the Isles apparatus.

Wall Street's control runs deeper. There are two co-chairman of the Cato Project on Social Security Privatization. One of them is William Shipman, a senior officer at the Boston Brahmins' State Street Bank, where he runs its Global Advisory Service, which invests in speculative markets and derivatives around the world. Shipman has major policy input into the Cato Project. State Street Bank has been run for over a century by the Forbes family, which was a major force in the China opium trade. State Street Bank also funds the Cato Project.

Federal Reserve Board Chairman Alan Greenspan, who in 1983 chaired a U.S. government Advisory Council on Social Security, is also in favor of privatizing Social Security. According to Michael Tanner, the executive director of the Cato Project on Social Security Privatization, three people at the Federal Reserve Board, whose names he would not disclose, are in touch with Cato on the issue.

The other co-chairman of the Cato Project is José Piñera, the man who privatized Chile's social security system in 1981, under the dictatorship of Gen. Augusto Pinochet. Piñera is the point man for driving the Public Pension Reform Caucus' privatization legislation forward. The Cato Project's Tanner boasted on Sept. 27 that "Piñera has met in personal meetings and in seminars with most of the members of the Caucus, as well as several other members of Congress. During the last year, he spoke across the country, to politicians and businessmen in Washington, D.C., New York, Boston, Seattle, etc." Piñera will be speaking in Tucson, Arizona on Oct. 21, and Phoenix, Arizona on Oct. 22, on behalf of the privatization scheme. One of these meetings will be co-sponsored by Representative Kolbe of the Public Pension Reform Caucus.

The Cato Project predicts that by the next Congressional session, there will be seven different bills for the privatization of Social Security introduced.

The fraud of the Chilean model

The privatization of the Social Security system in Chile is universally cited by U.S. privatizers as a success story. But examination of that "model" shows it to be a complete disaster.

There is no way of evaluating the Chilean model without starting in September 1973, when General Pinochet carried out a coup against the Marxist government of Salvador Allende, which had devastated Chile's economy. Despite some opposition from within the Armed Forces, by 1975 Pinochet had turned control of the economy over to the "Chicago Boys," a group of economists who had been trained at the fascist University of Chicago Economics Department in the 1960s by Arnold Harberger and Milton Friedman. In 1978, Piñera (who now is at the Cato Institute) was selected to be Chile's minister of labor and social welfare. Between 1978 and 1980, Piñera smashed the labor movement so as, in his words, to create a new "labor culture" coherent with the free-market system—i.e., one in which all benefits were simply eliminated. Then, in 1981, he privatized the country's social security system. Workers could choose from among 15 financial institutions to manage their personal retirement accounts; it was compulsory that all new workers join the privatized system.

Chile's previous social security system traced back to before the 1930s. It provided a broad range of benefits, including retirement insurance, unemployment insurance, a national health care system, a good-sized severance pay package upon retirement, and low-interest housing loans to Chile's poor workers. Much of that was dismantled.

Sebastian Delgadillo, a 25-year rubber worker at Goodyear of Chile, and president of the union, told the May/June 1996 issue of *Steelabor* magazine that "this new system isn't social security at all—it's just everyone for themselves."

What is it that international usurers like about Chile's system? *Steelabor* reports that:

- as many as three of every four workers who qualified under the old Chilean public system, can't get full disability pensions under the profit-driven private system;
- as many as 60-70% of Chilean workers either have no pension account, or don't contribute regularly to one, because of irregular employment. This means that millions may not qualify for any pension—or only for a meager welfare or government-guaranteed, poverty-level minimum pension;
- for many workers, housing and health care take up to 75% of take-home pay. Older workers are often forced to continue working past retirement age, because they have no guaranteed pension, or have one whose value has dropped, thanks to the fact that private pension funds are invested in stock market speculation.

The privatizers like to boast that the Chilean pension system gives workers a personal stake in a rising stock market, and that up until 1995, the Chileans' private pension funds were making profits, as the stock market bubble continued to grow. This enabled the managers of the funds to make profits of up to 20%. But, what the privatizers fail to mention, is that one-third of the $25 billion in Chile's pension funds is invested in the volatile Santiago stock market. The other two-thirds is invested in equally unstable government debt, securities, and other paper, making the whole $25 billion extremely vulnerable.

As for the "stake" Chilean workers supposedly have in this "rising" stock market, in September 1995, pension funds lost $1.5 billion, allegedly due to market fluctuations. For the workers who retired then, this meant as much as a 20% drop in the monthly pension!

A final point: When the old Chilean social security system was privatized, the flow of tax contributions into the system basically stopped. Under those conditions, the system was not solvent enough to pay for the amount of money—called the "present value"—that each worker who had already been enrolled for years in the old system had accumulated. So the Chilean state privatized various of its holdings, and used the proceeds to purchase bonds, called Recognition Bonds, equal to the "present value" each worker had accumulated in the old system. The bonds were given to the workers. According to a Social Security privatization expert at the Dallas-based National Center for Policy Analysis on Sept. 23, if the U.S. Social Security system is privatized, a similar condition will obtain. To raise the money to issue Recognition Bonds to pay off the "present value" that U.S. workers would have accumulated in the old Social Security system, this "expert" said that the U.S. government should sell off to private investors, the Tennessee Valley Authority, the Bonneville Power Authority, four Power Marketing Authorities, federal highways, U.S. government land, etc. That is, the U.S. government will be stripped down and sold at fire-sale prices to the very financial sharks who are privatizing Social Security, on the grounds that this is needed to facilitate the privatization.

The solvency of Social Security

The "Contract on America" crowd has resorted to a tried and true method, the Goebbels Big Lie technique, to make the claim that the Social Security fund is about to go bankrupt. The media have played a big role in this. We look first at the terror campaign, and then dismantle the argument that the Social Security Trust Fund is bankrupt in the way that it is portrayed. Finally, we look at the real causes for long-range problems in the Social Security system, and what can be done about it.

On Dec. 5, 1995, ABC television's "Nightline" ran a program, alleging that the Social Security system is on the verge of insolvency. Host Forrest Sawyer warned that "Washington is still playing the old shell game. . . . Unless you round up those sacred cows called entitlements, and particularly Social Security, then you're just whistling in the wind, and no one in Washington is willing to take that one on." Next, a clip of Gingrich was displayed, with him warning that "early in the next century our children [will] just literally start to be crushed." A Republican legislator was brought out to prognosticate that, "If we don't change our spending habits, our kids are going to be paying a tax rate of 82%," to fund a bankrupt Social Security system. In rapid succession, six Republican legislators were shown, each uttering the magical and frightening words, "a tax rate of 82%." Next, an ABC reporter held up a baby and intoned, "If she could talk, she'd probably ask . . . 'Why are they going to take 82%?" Next, former Federal Reserve Board Chairman Paul Volcker was trotted out to call for "overhaul" of the Social Security system, to avert certain disaster.

Josef Goebbels could not have done better. The viewer would certainly conclude that he or she will be without Social Security and/or crushed under taxes to pay for it, unless the

The history of U.S. Social Security

In 1933, after taking office, President Franklin Delano Roosevelt took personal control of establishing a social security system. Roosevelt was guided by the highest conception of the U.S. Constitution, the general welfare clause, which saw the state as an essential instrument to foster the economy's development and the well-being of each citizen. No citizen should be permitted to starve or perish, and a sound instrument for retirement was provided for. In a June 8, 1934 message to Congress, Roosevelt spoke of a "national social insurance system," to protect against "misfortunes which cannot be wholly eliminated in this man-made world of ours"—in particular, loss of or insufficient income for the elderly and unemployed.

During the 1930s, the antecedents of today's neo-conservatives, the fascist crowd of Morgan and Du Pont, voiced many objections to the legislation, objections that are the identical arguments as those used today, 60 years later, against the system. As early as 1924, the banker-run Pennsylvania Chamber of Commerce railed that compulsory public schemes to aid the elderly were "un-American and socialistic, and unmistakably earmarked as an entering wedge of communist propaganda." Moreover, the watchword then, as today, was that if a retired or unemployed worker didn't have enough personal savings, and could not live with his family, he should simply live off private charity. But the inadequacy of the charity system, which was clearly insufficient during the specious prosperity of system is privatized.

In reality, the OASDI Trust Fund, according to projections of its Board of Trustees, will be solvent until the year 2029. Even then, it would not face significant problems if the current economic strategy were reversed. But what the Wall Street pirates do, is to project a growing Social Security fund liability and yearly outflow—because of increased numbers of older people—against a shrinking number of young workers, a shrinking productive labor force, and a shrinking economy. Of course, under those conditions, if the current economic trends continue, the Social Security Trust Fund would eventually go bankrupt in 2029. But *those trends are abnormal,* reflecting post-industrial society policies. Were those trends reversed, by the type of economic reconstruction policies Lyndon LaRouche has advocated, the Social Security Trust Fund could be made be solvent.

To understand this, let us look at the demographic debacle and downward changes in the consumer market basket, wrought by the British oligarchy's policy of the post-industrial society, starting after the murder of President John F. Kennedy in 1963. This policy emphasizes speculation over real production; as a result, a speculative bubble began to grow. It grew with the disastrous decision of President Richard Nixon to decouple the dollar from gold in 1971. It was amplified again as a result of the 1973-75 and 1978-79 oil hoaxes, which, combined, increased the price of oil tenfold, and unleashed unregulated, offshore Eurodollar market, petrodollar recycling. In October 1979, then-Federal Reserve Board Chairman Volcker sent interest rates into the stratosphere. In 1982, the U.S. banking system was deregulated. Leveraged buyouts and, starting in the late 1980s, derivatives market trading, became the order of the day. As the specula-

the 1920s, showed itself during the Depression years of 1929-33. During that timespan, one-fifth of the commercial banks in America failed, and real personal savings fell by $34 billion. Living from savings was moot: They had been wiped out.

Likewise, what public assistance for the elderly did exist, was criminally adequate. Between 1930 and 1934 alone, the yearly cost of old-age assistance, administered by the states, rose from $2 million to $32 million, nearly twentyfold in real terms, and the official number of recipients increased from 11,000 to 235,000. The number of people who really needed help, and didn't get it, totaled in the several millions.

Despite the hysterics of Newt Gingrich's political forebears, during the first half of 1935, the House of Representatives passed the Social Security Act by a vote of 372-33 and the Senate by a vote of 77-6. On Aug. 14, 1935, President Roosevelt signed the act into law. The Social Security Act not only provided for social insurance for retirement, it also provided for assistance to the indigent elderly, to the blind, to families with dependent children, and established the first comprehensive national unemployment insurance system.

Social safety net was common

Though born of the Depression, it would be wrong to think of Social Security as a measure only applicable to or arising from Depression conditions. First, many European nations had enacted a social security system covering their populations before the Depression. For example, according to the research book, *Congress and the Nation,* (Vol. I, 1945-64):

"In 1935, some 22 European nations already had such systems. Many dated back to before the First World War and were far more comprehensive in scope than the U.S. program—including, for example, sickness, disability, health and maternity benefits. Six non-European nations at that time also had programs covering a sizeable portion of their population—Australia, Japan, New Zealand, South Africa and Uruguay.

"Germany was the first country to adopt a social security program when, in 1883, it set up sickness and maternity insurance. A contributory old-age and disability insurance system was added in 1889, and unemployment insurance in 1927.

". . . England set up a charity program for the indigent aged in 1908. In 1911 it adopted a contributory social insurance program covering unemployment, disability and health care; and in 1925, a contributory old-age insurance system.

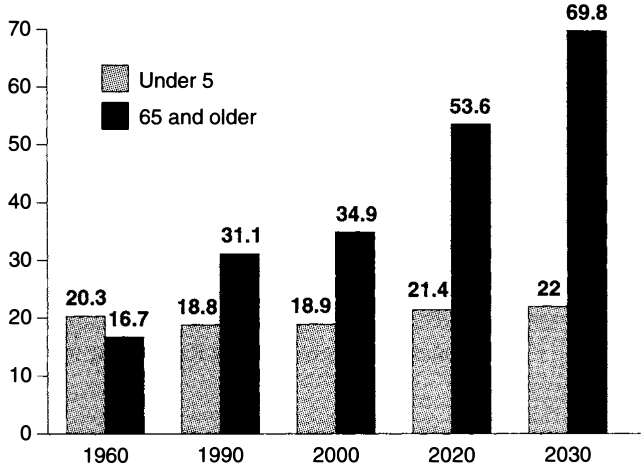
"France established unemployment benefits in 1905, added a contributory old-age insurance program in 1910, and sickness and maternity benefits in 1928."

Second, there is a distinction between assistance for the elderly poor and the kind of insurance provided under the Social Security System. Assistance for the indigent elderly is included in the second part of the Social Security Act. Although absolutely essential, it provides the recipient with funds which leaves him or her at or below subsistence level. But the Social Security system, formally called the Federal Old Age and Survivors and Disability Insurance Trust Funds (OASDI), is an insurance system, into which a worker and an employer pay in through a payroll tax. Upon retirement, the worker receives an income stream, to which he or she contributed, that allows him or her to live a dignified life, and to pursue his or her retired years productively, rather than having to merely scrape by.—*Richard Freeman*

FIGURE 1

Population under 5 remains stagnant, while elderly population grows

(millions)

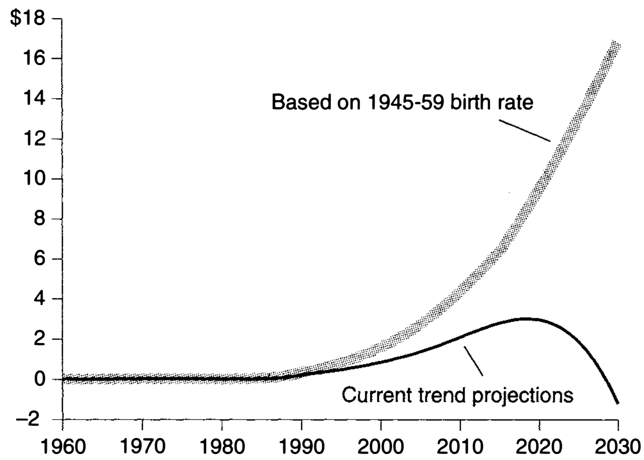


Sources: Census Bureau of the Commerce Department, *Historical Statistics of the United States, Colonial Times to 1970;* Census Bureau, *Statistical Abstract,* 1993 and other years; Bureau of the Census, *Projections of the Population of the United States, by Age, Sex and Race: 1988 to 2080 (series P-25, No. 1018) and 1992 to 2050 (series P-25, No. 1092).*

FIGURE 2

OASDI Trust Funds' year-end assets: current trend projections vs. contributions based on 1945-59 birth rate

(trillions $)



Sources: Social Security Administration *Annual Statistical Supplement, 1994; 1994 and 1995 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds;* Office of Actuary of the Social Security Administration; Congressional Budget Office; *EIR* projections.

tive bubble grew hyperbolically, it sucked life from the physical economy, leading to a chain reaction collapse in the consumer market basket.

As a result, families became less able to support children, and the birth rate plunged. During 1945-59, America's birth rate averaged 24.5 births per 1,000 people (male and female) of the population. This tumbled to a birth rate of 18.2 in 1970, and 15.0 today—a decline of 38% from 1945-59 levels. The 1945-59 birth rate was not exceptional; excluding the years of the Depression, the 1945-59 rate was below the birth rate for the earlier half of the century. The fall in the birth rate created a demographic debacle, as shown in **Figure 1.** In 1960, America had 20.3 million children under the age of 5, and 16.7 million persons aged 65 and older. By 1990, the situation had reversed itself, so that Americans over 65 outnumbered those under 5. Based on population projections of the Bureau of the Census, if the current trend continued, by the year 2030, the number of persons over 65 would be three times that of those under 5. This is the cause for Social Security's underlying, long-term problem—that whereas in 1950, there were 15 workers paying taxes for every retiree collecting Social Security, today, 4 workers are paying taxes for every Social Security retiree. By 2029, there will not be enough young, productive people working and paying taxes to keep the Social Security system solvent.

This is wrongly portrayed as a problem of America "aging," and having too many elderly. In reality, increasing human longevity is a beautiful development. In a functioning economy, the number of elderly should increase in absolute terms, but remain the same or decline as a percentage of the total population. America's problem is not that we have too many elderly, but that, because of post-industrial, speculative policies, we are producing too few young people.

The Social Security system is a "pay-as-you-go" system, so that while it does invest its surplus in U.S. government bonds, and earns interest from that, most of the income for the fund comes from the taxes on the current workforce, who pay for the retirement of the retired workers.

In the fall of 1995, *EIR* conducted a study of what would have happened if U.S. population trends had not been disrupted by the post-industrial society policy, and instead, the population had continued to grow at the 1945-59 birth rate. The result is displayed in **Figure 2.** The lower curve is the current projection of the OASDI trust fund: The fund will build up to a surplus of $2.95 trillion by the year 2019, and then start to run down toward a deficit of $1.2 trillion by the year 2029. Had the 1945-59 birth rate continued, by the year 2029, the fund would have $17 trillion in surplus.

But there is more. During the past three decades, real incomes collapsed for the lower 80% of the population, reflecting the collapse of the consumer market basket. Had incomes continued growing normally after 1970, as they had during the 1950s and 1960s, the median family income in 1996 would be above $87,000, not the current $39,500. The Social Security tax bite into such an income would be less significant than it is today.

Combine the effect of increased population with higher income, and by the year 2029, the Social Security Trust Fund would have more than $30 trillion in surplus.

The point of these two projections is not an exercise in "what if." Rather, it is oriented toward the future: If America dumps the post-industrial society policy, it would take the lid off the growth of the physical economy, family income, and population growth. The Social Security Trust Fund would be sound, without raising taxes.

Not coincidentally, the reversal of the process of the collapse of the birth rate, as well as of the consumer market basket, and thus of incomes, involves the same steps as are needed to solve the imminent collapse of the speculative world financial system. One must take the steps that LaRouche has recommended: Put the bankrupt financial system through Chapter 11 bankruptcy, nationalize the Federal Reserve, and begin to issue $5-6 trillion in low-interest credit to foster growth in high-technology manufacturing, agriculture, and infrastructure. Good-paying Jobs will be created. Not only will people have the optimism to have children, but they will have the income and physical goods inputs to support them. The change would bring forth, in the next 30 years, the necessary corrective to avert any bankruptcy in the year 2029.

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