



Rep. Andy Jacobs, at a 1984 House Ways and Means Committee hearing.

altogether.’ ‘Well,’ said Uncle Jed, ‘I thought it over and I said, “Doc, I like what I’ve been drinking so much better than what I’ve been ahearing that I reckon I’ll just keep on getting deaf.’ ”

“So, the assertion that you hear time and time again, that this money is being taken from the Trust Fund and that the government is not keeping faith with the investors and the taxpayers, is something to which I would advise you to turn a deaf ear.”

In July 2001, in response to President Bush’s initial push for “Social Security reform,” the Public Broadcasting System television program NewsHour brought Jacobs out to the Federal Bureau of the Public Debt in Parkersburg, W.Va., to examine the actual certificates on national television. PBS’s economic correspondent Paul Solman explained, as the file cabinet was unlocked, “While they are here as symbols of real transactions, actually holding them can be pretty reassuring, even though they do look a bit drab.” Always wry, Jacobs replied, “I thought there might be a little more color on the instrument, but this is legal, it’s acceptable.” Jacobs emphasized that he had included in the bill that President Clinton signed in 1994, the provision to maintain “a physical document in form of bond, note, or certificate of indebtedness, rather than accounting entry, to represent the Social Security Trust Fund.” Jacobs has said repeatedly that he pushed this provision into law to counter the “disingenuous assertions from those who say that the Trust does not exist.” I authored the law requiring the Federal government’s Federal Funds Budget to issue actual documents to reflect the already completely efficacious U.S. bonds held by the Social Security Trust Fund, to answer the doubting Thomases who claimed there were no bonds there. Not only do those bonds exist, but the government has, since the time of the Vietnam War, been pretending that those bonds are assets rather than the liabilities they certainly are, of the Federal Funds Budget.”

Friends of former Congressman Jacobs have been urging him to return to Parkersburg, to straighten out the statements of the sadly confused President Bush, that those same instruments are “worthless IOUs,” made when the President visited the same file cabinets in Parkersburg in April of this year.

When Susan Chapman of the Office of Public Debt Accounting in Parkersburg opened up a file cabinet and showed the President the Treasury securities that offer physical evidence of \$1.7 trillion in Treasury bonds that make up the Trust Fund, the President proclaimed, “There is no Trust Fund, just IOUs I saw first hand. . . . The office here in Parkersburg stores those IOUs. They’re stacked in a filing cabinet. Imagine—the retirement security for future generations is sitting in a file cabinet.”

Jacobs responded in wonder to President Bush’s statements, saying, “I authored that provision to prove to the doubting Thomases that there are physical documents which back up ‘the full faith and credit’ of the United States government. President Bush actually put his hands in the file drawer, like the doubting Thomas sticking his entire arm into Jesus’s side, and he still couldn’t see what was real. I don’t know, for such a faith-based guy, he doesn’t seem like a very good Christian. Maybe that’s why Americans are acting like Uncle Jeb and turning a ‘deef ear’ to his proposals.”

From the Congress

Rangel: Will U.S. Honor Obligations to Retirees?

Rep. Charles Rangel (D-N.Y.), the ranking minority member of the House Ways and Means Committee, sent this letter to Treasury Secretary John Snow on April 13.

Dear Mr. Secretary:

Last week, President Bush visited the Bureau of Public Debt in Parkersburg, West Virginia. While there, he made a series of disturbing statements about whether the United States intends to make good on the U S Treasury securities held by the Trust Fund.

For example, he said “There is no ‘trust fund,’ just IOUs.” Later, he implied that the Treasury securities held in the Trust Fund were not “real assets.” Similar statements have been made by the President and other Administration officials on other occasions

By law, these bonds are backed by the full faith and credit of the United States and carry the same obligation for repayment as the bonds you are selling on the open market to finance the U S. budget deficit. Given the grave and far-reaching implications of these kinds of statements, I am compelled to put the following questions to you in writing, and to ask that you respond in writing.

Does the President really believe the United States might default on these bonds, which were purchased with hard-earned tax dollars of millions of Americans? Does he advocate a policy that under any circumstances would not repay the debt, thereby forcing millions of beneficiaries to take a benefit cut instead of collecting the full amount they had earned during their years of work? How can the Secretary of the Treasury convince other possible purchasers of our debt that the President won't repudiate those bonds, as well?

If the President instead meant to say that it will be difficult to repay these bonds, why wasn't the same argument made about the \$43 trillion in outstanding debt held outside of the Trust Fund? Are obligations to Americans who expect to receive full Social Security benefits different from obligations to others who hold our bonds, such as the foreign entities which have purchased 91 percent of the public debt incurred since this Administration took office?

I urge you to clarify whether these bonds are real, and whether the U.S. intends to honor them. If so, Americans can rest assured that Social Security can pay full benefits for nearly 50 years, knowing it can redeem the bonds that workers have purchased over the years with their Social Security contributions.

Sincerely,
Charles B. Rangel
Ranking Member



Rep. Charles Rangel calls on Treasury Secretary John Snow to set the record straight: Does the President really believe that the United States might default on the Treasury securities held in the Social Security Trust Fund, as he implied in his "photo op" in Parkersburg, West Virginia recently?

California Dems Must Shape National Agenda

by Harley Schlanger

The author is the Western States spokesman for Lyndon LaRouche.

The last time California Democrats held a state convention, in San Jose in 2004, it was more of a wake than a deliberative gathering. Dispirited delegates were given no reason for optimism, as party leaders moped through the proceedings, clearly unnerved by the apparent Arnold Schwarzenegger juggernaut, which had swept Gov. Gray Davis (D) out of office in a recall election the previous November. Many party officials expressed concern that Arnold's "charisma" and celebrity status might doom the Democrats to a marginal role for years to come.

There was a dramatically different mood April 15, when Democrats opened their 2005 State Convention in Los Angeles. For the first time, the cartoonish Schwarzenegger is in trouble, his aura of power diminished; the bullying prankster has been reduced to being the target of ridicule. He was forced to drop the key ballot initiative he was promoting for his controller, George Shultz, to privatize the state public employees' pension fund; two of the other three initiatives he is backing have lost momentum. His poll numbers are tumbling, and he is besieged from all sides.

It has gotten so bad that his wife, Maria Kennedy Shriver, went public on Oprah Winfrey's television show, to say that she wants her husband to come home, to get away from politics.

LaRouche Versus the Terminator

Arnie's plunge from the heights of Olympus has not surprised Lyndon LaRouche and his collaborators. From the day that he announced that he would run for Governor, the LaRouche Youth Movement (LYM) has been the leading visible force mobilizing for his defeat. From the now-famous leaflet showing a photo of Schwarzenegger imitating Hitler in a Nazi salute, with his statements of admiration for Hitler and his desire to emulate him, to the production of the "Who Robbed California" pamphlet, to the present pamphlet, "Stop George Shultz's Drive Toward Fascism!" which exposes the thievery disguised as "pension privatization," LaRouche and the LYM have been on the front lines.

At each step, as the "Governator" marched toward tearing