



U.S. Business Lobbies Remain Bullish on Social Security Measure

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Business lobbyists remain bullish that Congress will pass a Social Security overhaul this year, while stopping short of predicting that President George W. Bush's private accounts will be part of the final legislation.

``When we talk to members individually, there's a broad recognition they have to fix the problem," John Castellani, president of the Business Roundtable, said in an interview. ``I'm optimistic."

A majority of the public and almost all congressional Democrats oppose Bush's plan to create private accounts funded by the Social Security payroll tax. Bush or congressional committees will need to present a specific plan soon to regain momentum on restructuring the program, he said.

``Whether the president brings it forward or whether it's one of the committees, I think it's going to be necessary to have something specific to able to get the constituencies mobilized," he said.

Accounts opponents such as the AARP, the largest senior citizens lobby, and the AFL-CIO, the biggest labor coalition, have so far successfully criticized Bush's proposal, said Derrick Max, head of the two main business groups backing Bush's Social Security plan, the Alliance for Worker Retirement Security and the Coalition for the Modernization and Protection of America's Social Security.

``The effects of that have been harmful," he said. ``It's hindered us somewhat."

Voter Campaign

The Business Roundtable, a lobby representing Fortune 500 executives, is preparing a campaign to appeal to voters of all ages and counteract the accounts detractors. Republicans and their Social Security allies can win by presenting a more unified front and showing lawmakers the need to ensure the program's solvency and increase personal savings, Castellani said.

While praising the accounts, he didn't list them as a requirement for legislation to receive the Business Roundtable's backing.

The Senate Finance Committee is likely to act first, moving legislation before the August recess or just after, he said.

The bill probably will include accounts, Max said. The committee is likely to approve the bill with only Republican votes, Max said.

The lack of Democratic support may signal trouble in the full Senate, where the 55 Republicans will need some minority senators to block an expected filibuster.

Castellani and Max praised House Ways and Means Chairman Bill Thomas, a California Republican, for expanding the Social Security debate to include changes in pension, retirement and health-care law.

CAFTA

Democratic resistance threatens another business priority: passage of the Central American Free Trade Agreement. The pact would end duties on 80 percent of the \$15.7 billion in U.S. exports to Guatemala, Costa Rica, El Salvador, Honduras, Nicaragua and the Dominican Republic; expand patent protections; and allow greater market access for U.S. banks and insurers.

Cafta would also allow a 50 percent increase in sugar imports from the five Central American nations, phased in over 15 years, and make permanent the duty-free access to the U.S. market that most products from the region already enjoy.

The Senate Finance Committee begins debate on Cafta today. So far, only four Democrats have endorsed it, compared with 102 who voted for the 1993 North American Free Trade Agreement; the No. 2 House Democrat, Representative Steny Hoyer of Maryland, predicts that fewer than 20 members of his party will vote for Cafta.

Failure to pass Cafta would "send a horrendous signal to the rest of the world," Castellani said. "We need to continue to send the message to the world that the U.S. is interested in expanding trade, expanding access to markets and reducing barriers to those markets."

U.S. Economy

Separately, Castellani said the U.S. economy is performing above average, even as companies face long-term problems of health-care and litigation costs.

"The economy is doing a lot better than the American people believe it's doing," he said. The Business Roundtable's members expect gross domestic product during the next six months to grow 3.4 percent, he said, faster than the 3.1 percent average of the past two decades.

A "substantial" number of Business Roundtable members are hiring workers, he said, adding that 70 percent of the group's members are either hiring or holding payrolls the same. Still, "we do not see inflation as a short- or long-term issue," largely because of international competition," Castellani said.