



Interview with John Castellani on Social Security

Bloomberg / Bloomberg On The Markets

10:00 AM - 10:30 AM

14 June 2005

SUZY ASSAAD, anchor:

In the meantime, we've got polls that show that a majority of Americans disapprove of the way President Bush is handling Social Security. How likely will his plan to create private retirement accounts get passed into law? Well, let's find out from John Castellani, is the fate about Social Security and other issues. (sic) He is the president of the Business Roundtable, it's one of the nation's biggest business lobbying groups and they back private accounts.

John, thank you very much for being with us this morning.

Mr. JOHN CASTELLANI (President, Business Roundtable): Good morning, I'm delighted to be here.

ASSAAD: You basically have said that the changes to Social Security could possibly happen before the 2006 mid-term elections, but the polls say that a lot of people, the majority of the people, disapprove of the way the president is handling this. And it shows that Americans are skeptical of the Bush administration's handling. Do you still think the changes could happen next year with this kind of skepticism on the mount?

Mr. CASTELLANI: Well, I do and it's important from our perspective as the chief executive officers of the leading companies in America to get good Social Security reform and get it soon. Every year we delay it's going to cost us \$600 billion more to fix this system. And we support it for two basic reasons.

One, it's important to have a healthy and secure retirement for the millions of Americans who depend on it, and that's important for them, of course, and for the economy. But secondly, and equally as important, it's now time for the US Congress to begin to address the burgeoning federal budget deficit. We now to bring that back into balance and we can't do it unless we reform entitlement programs, Social Security being one of the big three. So it's necessary at this time.

ASSAAD: But how are you going to overcome the Democratic opposition and this public skepticism about the private accounts?

Mr. CASTELLANI: Well, we've had--we've done a lot of polls, the organization of which we're a part, CoMPASS, the committee to reform Social Security or preserve Social Security, which is seniors and business groups, it's young people, have also sponsored a number of polls and we put the questions out the way we've asked them. What our polls show is most Americans, a very significant percentage of Americans, recognize that the system can't be sustained the way it is and it needs to be fixed.

And more importantly, whether we're looking at young people, members of the AARP, or members of the union, they do support the option--the option of having a personal savings

account as part of that fix. So the polls vary on these and the poll that you were talking about this morning, of course, is always tainted by the fact that you're asking the question, do you support the way the president handling it?

And that gets you all those people who don't support the president saying no. But if you just look at Social Security themselves, our polls--itself--our polls show that the vast majority of Americans recognize that it needs to be fixed.

ASSAAD: I want to turn your attention a little bit to the economic situation.

Mr. CASTELLANI: Sure.

ASSAAD: We have some data that came out this morning regarding inflation, retail sales, what--I know you've done--you do a survey and I know that one just came out at the end of May, what are your findings about the--well, where we are right now in the US economy?

Mr. CASTELLANI: Well, our members--in that survey we just released, our members are--remain optimistic in the outlook for the economy. Our overall index is 94, a little bit north of 94. Anything above 50 is that it's a growth situation. Eighty-four percent of our members expect their sales to increase in the next six months. Forty-nine percent expect to increase capital expenditures.

And 35 percent expect an increase in employment. So the outlook is still good, the economy is doing very well. Overall, our members think it will grow in the 3.4 percent range GDP growth for the next six months and that's healthy. That's historically high and we're optimistic.

ASSAAD: All right. Well, John, we thank you very much for being with us this morning, we appreciate it.

Mr. CASTELLANI: You're welcome, Suzy.

ASSAAD: Our thanks go out to John Castellani talking to us about--president of the Business Roundtable.

###