Social Security plans debated

BY MARK PUENTE
STAFF WRITER

Supporters of President Bush's Social Security plan say many young taxpayers could receive a late Christmas gift from the nation's top executive if he fulfills his campaign promise of revamping the system.

Bush plans to give young adults the option to choose among retirement plans by allowing workers to divert a portion of their payroll taxes, which now fund the program, into accounts filled with mutual funds or other investments.

But the president faces a variety of problems in getting a new plan through Congress.

Democrats oppose the proposal, calling it an irresponsible use of the nation's money. The costs could be high. And the proposal is politically volatile because of its economic implications for taxpayers.

The Social Security system is in dire need of repair with millions of baby boomers getting ready to retire. Economists predict that in 2018, Social Security will start spending more money than it takes in — and that by 2042, the government will have depleted the Social Security Trust Fund.

"Social Security reform is not an option," said Michael Tanner, director of health and welfare studies at the Cato Institute, a Washington D.C.-based libertarian think tank. "It has to be done."

On the campaign trail, Bush called for legislation allowing young workers to put a portion of their payroll taxes into personal investment accounts. But he has not offered a detailed plan on how to divert the funds that now pay for the retirement program.

Administration officials say it is too early to speculate which plan the president will adopt.

Bush wants to give young people a stake in their own retirement, said Chad Kolton, press secretary for the White House Office of Management and Budget.

"It's an important principle," he said. "The president believes having ownership over their retirement will make it viable in the future."

But one pundit said revamping a system that is sometimes referred to as "the third rail of politics" would be a challenge for any president or legislator.

For years, politicians have put off changing the current system for fear of alienating voters.

"If you touch it, you'll die," said Jamie Carson, professor of political science at the University of Georgia. "But most people acknowledge it needs to be revised."

Retirement is not a topic that many young people worry about at an early age. Recent college graduates are more concerned with the immediate future of finding a job and paying off student loans. Planning for something 40 years down the road is not a priority.

"We're not suggesting they sit down nightly with the Wall Street Journal and choose between General Electric and General Motors' stocks," Tanner said.

All of the personal investment plans being discussed would be voluntary, and there would be no access to the funds if a person fell on hard times.

But Bush's plan might create a shortfall in the system, and borrowing by the government could be necessary to establish the personal accounts because of the way Social Security pays for benefits.

"If we pay a little now, we will save a lot later," Tanner said. "It would be like paying your credits off today. There are tough choices to make."

Under the current system, the payroll taxes levied on workers provide benefits for people who are already retired. Supporters of Bush's plan say it would not affect retirees.

"We have a moral obligation to the older generation," said David John, a research fellow at the Heritage Foundation. "The promises have to be kept."

"If we pay a little now, we will save a lot later. It would be like paying your credits off today."

MICHAEL TANNER, CATO INSTITUTE

Critics of the plan say the solutions being proposed are not the best options.

"It takes money out of a fund that is headed for bankruptcy," said Barry Bosworth, an economist at the Brookings Institution. "It is a completely manageable problem. This whole business of trying to carve something out of something is absurd."

Most upper-income Americans do not depend on Social Security alone when retiring. It is lower-income Americans who depend on the system the most.

But Bosworth said there is a pending crisis that is more important than Social Security.

An aging population is a problem, Bosworth said, and politicians just don't want to discuss the health care costs associated with it.

Although Bush has said he gained a political mandate after the election, he will face an obstacle getting a Social Security plan passed in the U.S. Senate next year, where the Republicans have only a five-member majority.

"Congress tends to focus on issues that are immediate in crisis, like a new bridge on I-75," John said. "This is an issue that requires them to think well ahead."

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President's nominations could power Latino voice

BY AARON PRUITT
STAFF WRITER

The fastest-growing minority in America will soon gain a greater voice in the White House.

President Bush has nominated two Hispanic Americans for Cabinet positions in his second term: Carlos Gutierrez as secretary of commerce and Alberto Gonzales as attorney general.

The announcement of the two nominations excited some in the Hispanic community who were elated to see Latinos in the Cabinet.

"It is a good thing that a Latino is that high up in the government," said Alma Ramirez, a social worker for El Centro Latino, a nonprofit organization based in Carrboro. "They could do something to help the community."

Several Hispanic organizations have endorsed the nominations, including the Latino Coalition, which stated in a press release that Gonzales is the "perfect choice for the next U.S. attorney general."

But some experts are unsure whether Gutierrez and Gonzales will represent the Hispanic minority.

"It is a good thing that a Latino is that high up in the government. They could do something to help the community."

ALMA RAMIREZ, EL CENTRO LATINO

"Just because someone has a Hispanic name doesn't mean representation," said Karen Kaufmann, a professor of government and politics at the University of Maryland-College Park.

"The notion of a singular Hispanic community is untrue. Mexican Americans make up one half of the Hispanic population in America, and they do not really relate with Cuban Americans, Venezuelans or Puerto Ricans."

Kaufmann also said the appointments will have little effect on the Hispanic vote, which traditionally goes to Democrats but in which Bush made inroads Nov. 2.

"If it was as easy as appointing high-level positions, then African Americans would have voted for Bush, who appointed Condoleezza Rice and Colin Powell, and that didn't happen.

"The kinds of issues Latinos care about are the kinds of issues every American cares about — a strong economy, health care, education for their children — and Democrats are perceived as better on those bread-and-butter issues."

Kaufmann added that the nominations of Gutierrez and Gonzales were not about gaining votes or tokenism.

There are simply more qualified Hispanics to fill top-level positions, she said.

Experts say the nominations of Gutierrez and Gonzales are a step in the right direction for Hispanic representation.

"As the cycle continues, with more Hispanics going through the education system, there will be more qualified Latinos to fill prominent positions," said Tina Siragusa, executive director of El Centro Latino.

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Congress restructures visa limits

BY BROOKE M. GOTTLIEB
STAFF WRITER

The visa reform bill passed by Congress this month will give 20,000 internationals with U.S. graduate degrees a better chance to obtain temporary jobs in the United States.

Congress passed the L-1 and H-1B Visa Reform Act on Nov. 20 for the 2005 fiscal year in an effort to admit educated foreign workers into the country.

An L-1, or intracompany transferee, works for a company that has locations in the United States and in another country. For example, an American company would be able to recruit an executive from an overseas branch with an L-1 visa for three years.

According to the U.S. Citizenship and Immigration Services Web site, "The H-1B is a nonimmigrant classification used by an alien who will be employed temporarily in a specialty occupation or as a fashion model of distinguished merit and ability."

In other words, a U.S. company that seeks a specialist from overseas can hire someone for six years as an H-1B. The legislation would maintain the yearly cap for H-1B visa holders at 65,000.

But the first 20,000 applicants with a master's or doctoral degree will not be included in the cap, allowing more people to obtain a visa.

In addition, the bill will no longer allow L-1 workers to be subcontracted to third-party employers. They also will be required to work for their petitioning employer for at least one year, instead of the six months previously required.

Gerry Chapman, an immigration and nationality lawyer from Chapman Law Firm in Greensboro, said that the improving economy allows employers to hire more workers, but that the H-1B cap already has been reached.

But he said that if there are not enough qualified employees in the United States, a company should be able to hire specialists from overseas.

"With my own experience, every single H-1B or L-1 who has come into the U.S. has had the effect of creating jobs for other U.S. workers," he said.

The bill is a trade-off between supporters and opponents of increasing the number of H-1B visas issued to foreign workers.

"(Opponents of the bill) are missing the big picture," he said. "They are seeing it as a zero-sum game, but (the visa holders') presence in our economy has an exponentially beneficial effect."

But the Institute of Electrical and Electronics Engineers-USA opposes the bill.

"We're against the fact that (Congress) granted the additional 20,000 exemptions," said Chris McManes, senior public relations coordinator for the organization's U.S. branch.

"With an abundance of American workers looking for employment, we don't think that additional foreign workers (are needed)."

A report released by the IEEE-USA on Nov. 19 states that unemployment in the United States dropped between the first and third quarters this year after the H1-B cap was lowered from 195,000 for the 2004 fiscal year.

"You have to look at the people who lost their jobs," McManes said. "(In addition), when you increase the number of workers in any field, you can suppress wages."

He also said the institute is concerned with the unfair treatment of foreign workers.

He said it does not want temporary foreign workers to be abused with insufficient salaries or the threat of losing their visas.

"We're not against foreign workers; we're not anti-immigrant," he said. "We just feel that if U.S. companies want to bring in workers from overseas, they should be given a better opportunity to become U.S. citizens."

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