

Assessing the investment climate

Social Security, What other countries do:

- The prospect of savings shortfalls and eventual insolvency have prompted many nations to explore new approaches to the administration of publicly sponsored retirement plans.
- A symbolic relationship appears to exist between a privatized system of forced savings and a nation's economy. The introduction of the former-properly administered-appears to have a beneficial impact on the latter.

Prospective savings shortfalls and the problems of financially publicly sponsored retirement plans like Social Security are not unique to the United States. At least 20 countries have introduced forced savings programs, while others have either partially privatized their systems or have developed a private option to existing publicly financed plans.

Contribution rates for social security programs within developed nations vary widely, depending on the level of coverage and the extent to which some benefits are paid out of general revenues, rather than paid from specifically earmarked employee/employer tax levies. Italy and Portugal have the highest social security tax rates at 29.6% and 34.8% respectively, while Canada at 5.4% and Switzerland at 9.8% have the lowest rates. Like the U.S., where employer and employee each pay one-half of the 12.4% rate, most countries have struck a relative balance between employer and employee contributions. But in the Netherlands the employee pays all of the 25.8% figure, while in Sweden, the employer pays 19% and the employee pays only 1%.

Competing economic, social and political philosophies have played a key role in determining the kinds of public savings systems that have evolved in each of the world's economies. Some countries have clung tenaciously to the values of public social welfare systems, while others have explored plans that place more reliance on private initiative. Singapore is one of 20 countries with a forced savings plan, while Chile was the first country in the Americas to initiate a privatized system. The United Kingdom adopted a private sector option in the late 1970's and currently administers a two-tier system. A brief look at some of these systems may provide some insights into prospective policy options for modifying the U.S. Social Security system.

Singapore introduced a compulsory savings program in 1955 which



requires workers up to age 55 to contribute 40% of wages and salaries-paid equally by employer and employee-into the Central Provident Fund (CPF) an institution that invests the funds for the employee. Initially the CPF invested the funds entirely in government securities but the program has become more flexible over time.

Essentially, Singapore's philosophy has been that citizens must provide for their own retirement, housing and healthcare needs. In addition to providing retirement savings, the funds are targeted into different accounts for specific purposes, such as home purchases and healthcare services. This has enhanced the probability that more citizens must provide retirement savings, the funds are targeted into different accounts for specific purposes, such as home purchases and healthcare services. This has enhanced the probability that more citizens will be able to afford these items. This forced savings program has ensured a steady source of investment capital and appears to be a significant factor in the country's high real economic growth rate. This high growth rate has in turn, played a key role in the success of the program, keeping participants employed and insuring a steady flow of funds into the investment accounts. During the last four years, Singapore's real economic growth has averaged 8.8%, while the nation's consumer price index has averaged 2.3%.

The Chilean social security system was privatized in 1981. Like that in Singapore, the Chilean system involves forced savings. But in many

ways Chile's system resembles the U.S. IRA savings programs. Private companies compete to manage individual savings accounts and workers are free to choose among various investments options.

In privatizing Social Security, Chile turned its previous "pay as you go" social security debt into an explicit debt, that is composed of (a) the pensions of existing retirees, (b) future pension payments of those workers who chose to stay with the old system and (c) the accumulated entitlements of those workers who switched to the new system. Chile has been very fortunate that the government ran a huge surplus in the 1980's, so that any potential pension deficit did not put an extra burden on the economy. In fact the program has been most successful and appears to have contributed to vigorous economic growth. Moreover, this economic growth did not place upward pressure on interest rates during this time period because increased private savings was concurrently occurring within the economy.

As in the case of Singapore, there appears to be a symbiotic relationship between the introduction of a privatized system of forced saving for retirement and the economy of Chile. Real economic growth has exceeded 7% per year on average for the past 5 years. As the system grows into a maturing Chilean economy however, growth will more than likely modify.

The social security system in the UK comprised to two tiers: (1) as a basic benefit, all workers who qualify, receive a flat rate figure of about 18% of national average earnings; (2) another level of benefits is provided by the so called State Earnings Related Pension Scheme or SERPS, which provides proportionally higher benefits for workers with higher incomes. Since 1978, employers have been allowed to contract their employees out to the SERPS tier if they can provide private pensions that would yield the equivalent of SERPS. Moreover, since 1988 individual employees have been permitted to leave the SERPS system, provided they set up individual pension accounts. Workers who are contracted out lose the right to draw a SERPS pension from the government but they and their employers receive compensatory payroll tax deduction, which are used to fund the SERPS equivalent plans. This two tier system is extremely flexible

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OBSERVANDO

Williamette Valley labor strife continues

BY SEAN CRUZ, EDITOR

The fields of Oregon farms lie only minutes away from Portland kitchens, but for farm workers the distance is vast. The isolation which they endure as a result of poverty and the nature of their work—and for many—the great distances which separate them from their families, are magnified by the impassivity of the communities that they serve.

Farmworkers toil in isolation

The quality of life in Portland is heavily dependent upon the rich harvests that skilled farm workers bring into the state's economy. Yet city dwellers know little about the farm workers' ongoing struggle to improve their working and living conditions to levels that we tend to take for granted.

News of the farmworkers' strikes—or of the issues that underlie them—are rarely reported in city media, and consumers tend to focus on the prices they see in supermarkets without considering the economic and social structure that causes food to appear as we see it.

People are far more often consumers than they are citizens, after all.

City attitudes are crucial

Perhaps battles over issues that we take for granted and meager pennies per pound are topics too mundane to occupy the minds of harried city dwellers. There is also probably a general assumption that the workers are foreigners, and probably undocumented as well, and mostly Mexican, and therefore not worth thinking too deeply about.

This indifference, then, stems from elitism, ignorance and racism, a condition which too many work-

ers experience directly from their employers.

Farm workers struggle

Most Oregonians are unaware of the struggle to obtain basic rights for farm workers and their families that has continued for more than ten years in Oregon. As recently as 1990, Oregon state law made picketing near harvest sites illegal, and growers continue their organized opposition to the right for farmworkers to organize themselves. Most growers refuse to negotiate with farmworkers on a collective basis.

Film documents strikes

Portland film maker Tom Chamberlain documented the 1995 series of work stoppages among the strawberry fields of the Williamette Valley in his film "Aumento Ya! (A Raise Now!)", which debuted recently at the Northwest Film Center. The documentary, which won the 1966 Oregon Arts Commission Media Arts Fellowship, depicts the workers' attempts to gain a raise of 2 to 3 cents per pound after enduring stagnant wages for more than ten years.

Issues are far from mundane

Among the issues which farmworkers hope to resolve through negotiation are: an end to retaliation for speaking up or attempting to unionize, such as blacklisting or eviction; an end to unfair labor practices such as charging workers \$3.00 per day for rides to the workplace whether they need them or not; after ten years of hard work at less than the minimum wage, a small raise; two paid 15-minute rest periods per day; separate toilets for men and women; clean drinking water, instead of irrigation water; improved housing, much of which consists of plastic tarps nailed over a wooden frame; an end to intimidation tactics on the part

of growers, which includes employment gun-wielding enforcers.

The right to negotiate

Fundamental to achieving any of these goals is winning the right to organize and negotiate collectively, because individually farmworkers cannot hope to win concessions from either independent farmers or agribusiness.

Agribusiness interests, however, refuse to recognize PCUN, the farmworkers union, and continue to deny the farm workers any opportunities to negotiate on any issue.

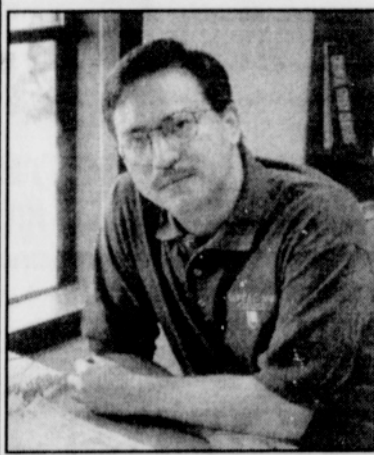
National boycott in support

PCUN has called for a nationwide boycott of certain products for the purpose of forcing reluctant growers to the bargaining table. The targeted companies are: NORPAC, a food processing giant with 1995 revenues of \$287 million (labels include Flav-R-Pac and Santiam's); Steinfeld's Products, a NORPAC customer with estimated annual revenues of \$31 million; Kraemer Farms, a NORPAC co-op member and Steinfeld's supplier with 2,000-acres under cultivation; and, Wholesale and Hearty Foods, makers of GardenBurger products and a customer of NORPAC.

Portland Observer supports La Causa

The Portland Observer endorses the efforts of our Oregon farmworkers to join together and win the right to negotiate for better living and working conditions. We urge agriculture businesses to recognize the farmworkers union and the humanity of the people who work the crops. To this end, we urge our readers to support the boycott and to write to these companies in support of the workers' right to negotiate together.

Velazco Joins Lewis & Clark



Salvador Velazco's journey to Lewis & Clark College began with a love of literature and an insatiable interest in the history of Mexico, his homeland.

Velazco recently joined the faculty at Lewis & Clark College as assistant professor of Spanish. He received his doctorate in March from the University of Michigan at Ann Arbor. Velazco's interest in Latin American literature and history flowered more than a decade ago when he wrote for the arts and culture section of a daily newspaper in Guadalajara, El Informador. Since then, he has published more than two dozen articles in professional and literary journals. Lewis & Clark's national reputation among liberal arts colleges and its location attracted Velazco. Portland is Guadalajara's sister city.

Velazco said he hopes to serve as a resource to students who travel to Latin America as part of Lewis & Clark's overseas program.

"I see myself as a bridge between students and their Latin American experiences," said Velazco.

Las Paginas Amarillas en Espanol

BY TARA PIERSON

If one were to flip through Las Paginas Amarillas en Espanol (the Spanish Yellow Pages), on pages 112-113 one would notice the professional profiles on members of the local Hispanic community—their background, education, and life's motto.

With each annual edition of the PAE, new people are profiled. But there is one person who has become a positive force in the Hispanic community who has yet to be included in a current issue. And her personal success story reveals the advent to Las Paginas Amarillas en Espanol, itself.

In 1993, Victoria Lewis was at a crossroads in her life. While struggling through a painful divorce, she became involved with the Volunteers of America. Most of her time was spent helping Spanish-speaking immigrants and migrant workers to find doctors, deal with phone companies, or contact insurance agents or lawyers.

Ms. Lewis then realized that there was a need in the local community for and organized listing of Spanish-speaking services. It wasn't that such services were unavailable, rather they were unadvertised, and therefore were underused. But the real inspiration came from a trip to California that brought that state's own Spanish Yellow Pages to her attention.

She was on a mission now, and soon found that her new project was just the therapy she needed in her turbulent personal life.

The first edition of Lewis' "brochure" was paid for by herself and produced in the basement of her home, with only the help of a graphics specialist and her two sons,



D'raythan, 15, and Tristan, 12.

Published on December 28, 1993, and designed as a biannual issue, it was only a scant 38 pages long and 3000 printed copies. But the community's initial response was overwhelmingly positive.

However, the problem of funding the second edition had yet to be solved. By doing a little research, Lewis found that according to the Larson Broadcasting Company, a Northwest Hispanic Market report estimated a \$800 million buying influence in the Portland ADI (area of dominant influence) alone, and an estimated \$2.5 billion a year in the entire state of Oregon.

Upon discovering this information, Lewis began to visit Hispanic community businesses and others with bilingual services who might be interested in buying advertising in her 94-95 second edition.

During this time she also decided to make this full-fledged directory an annual issue beginning in July of that year to coincide with the migrant workers' seasonal work cycle. Again, it was an immediate success and for

the 95-96 directory every business that had previously bought advertising space did so again without hesitating.

The 96-97 edition has now grown to include 138 pages and had impressive distribution numbers estimated at 60,000 directories, whereas the 97-98 edition is estimated to distribute and estimated 80-100,000 directories. They are currently distributed to area post offices, libraries, DMVs, local Hispanic businesses, and grocery stores like Walgreens and Food for Less.

Victoria Lewis came to this country as a young child, and remembers how scary and confusing learning a new language and culture can be. She considers the Las Paginas Amarillas en Espanol to not only provide a listing of services available in the Hispanic community, but to be a learning tool for her people as well.

This book includes more graphics and business personnel photos for those patrons who might not read and write, as well as full page non-profit ads on recycling, earthquake awareness, and the basic points of the United States Constitution.

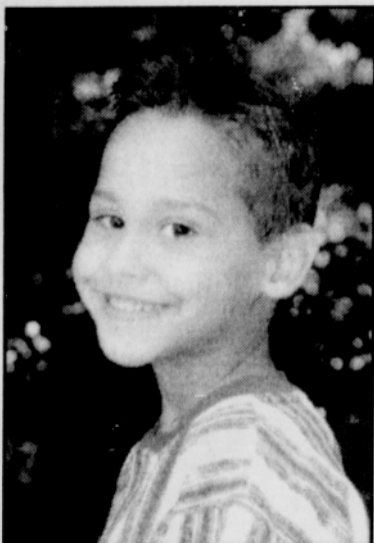
Waiting children

Around the United States, there are many children awaiting adoption. In the state of Oregon alone, there are over 200 children in need of adoptive families. This is a group of private agencies working with the state to help find adoptive fam-

ilies. These agencies are completely waiving fees in order to encourage the adoption of these children in need. Single adults, both male and female, as well as couples are welcome to consider adoption.

To learn more contact The Special Needs Adoption Coalition at The Boys and Girls Aid Society, (503) 222-9661.

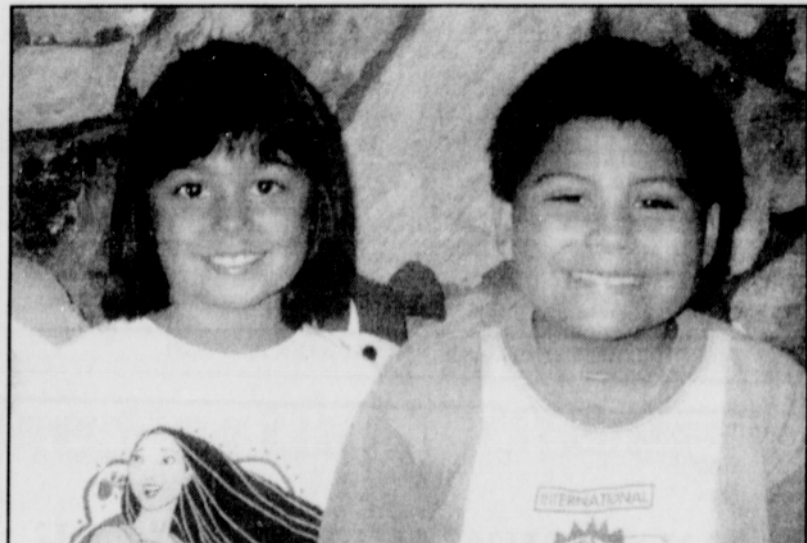
Below are some examples of the special children looking for a loving home:



Sergio, age 6 (Sergio, 6 anos de edad).

Sergio, age 6: This charming dynamo embraces life with gusto! Sergio is a handsome little boy of Cuban/Caucasian heritage. Athletics, the outdoors, mechanics and family activities just skim the surface of Sergio's many interests. Sergio's brilliant smile hints at the enormous amount of potential he is harboring inside. Parenting him will be an initial challenge, but will be well worth it in the long run. Sergio is a terrific kid!

Daniel and Alicia, ages 9 and 8: These resilient Hispanic/Caucasian siblings are an extraordinary pair. Daniel is a gentle boy with a good sense of humor. He excels in science and finds dinosaurs intriguing! Alicia is a caring child who is reaching out to others. She enjoys playing with dolls and experimenting with arts and crafts. Doing well in school, she is also a strong reader. Daniel and Alicia really need a committed family to call their own.



Daniel and Alicia, ages 9 and 8 (Daniel y Alicia, edades 9 y 8).

Sergio, 6 anos de edad: Este encantador dinamo abraza la vida con gusto! Sergio es un guapo ninito de herencia Cubano/Americano. Los deportes, las actividades al aire libre, mecanica y actividades familiares, son por mencionar unos de los muchos intereses de Sergio. La brillante sonrisa de Sergio da una indicacion del enorme potencial que alberga dentro. Ser padres de el sera un reto al inicio, pero a la larga valdra mucho la pena. Sergio es un gran chico!

Daniel y Alicia, edades 9 y 8: Estos animosos hermanos Hispano/Americanos son una pareja extraordinaria. Daniel es un nino noble con buen sentido del humor. El es sobresaliente en ciencias y encuentra los dinosaurios muy intrigantes. Alicia es una nina atenta a la que le gusta ayudar a otros. A ella le encanta jugar con muñecas y experimentar con artes manuales. Va bien en la escuela y es tambien sobresaliente en lectura. Daniel y Alicia necesitan realmente una familia de confianza que puedan llamar propia.