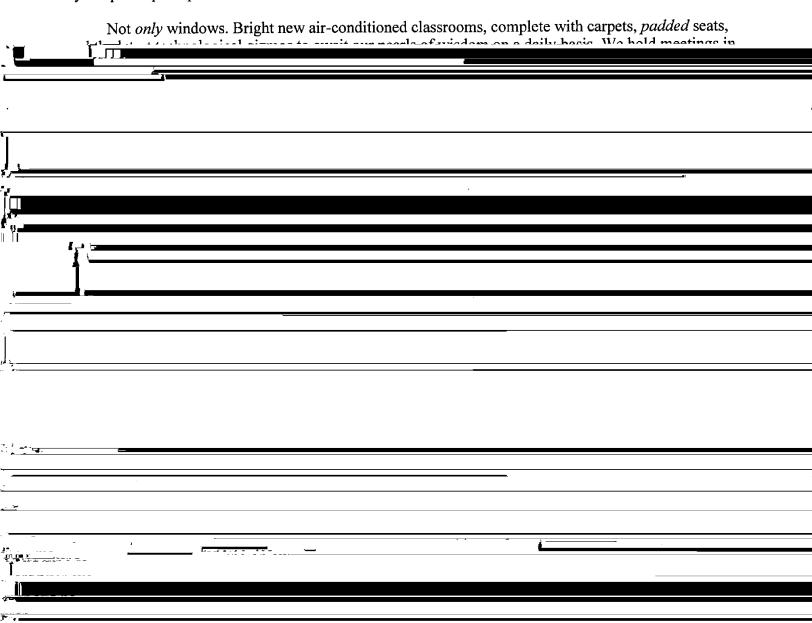
Economics

Department Alumni Newsletter

Indiana, PA 15705 (724) 357-2640 Issue #26, Spring 1997 Bob Stonebraker, editor

New beginnings

We're in. Sunlight, *real* sunlight, streams across my desk while two plants, *real* plants, perch on my windowsill expecting to be watered. Spring breezes drift through my office, brushing occasional orphaned leaves against the window panes. Glancing up, Sutton's bell tower rises above oak trees tinged by the pink tips of pubescent buds. Windows are nice.

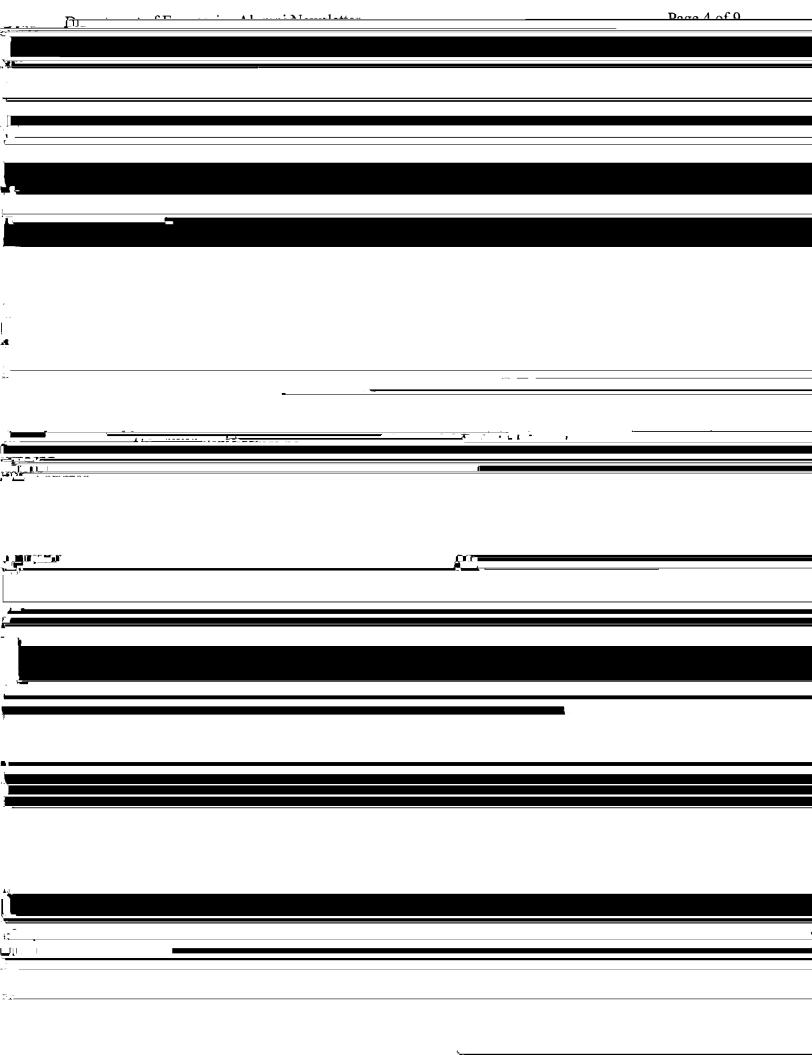


ignore important aspects of the controversy? Of course. Will it prompt you to think; to reconsider your opinions? *Maybe*. Replies and unsolicited articles are always welcome!

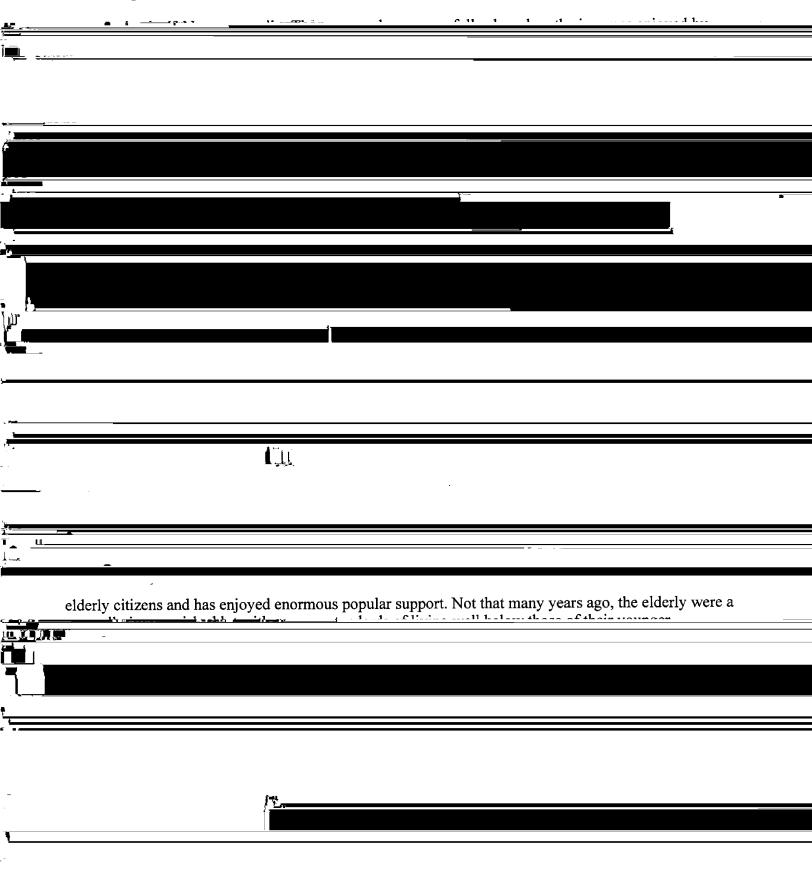
Bob Stonebraker, editor

Cinematic Sense

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and their spouses (rich and poor alike).



government IOU's -- the fund is an illusion. When the trust fund tries to redeem its bonds, Congress must either raise taxes or borrow the needed funds. Of course, Congress could always renege and not pay the promised benefits. But as the number of retirees and their political clout grows, this becomes

Congress should raise taxes and plow the monies back into education, research, and public investments.

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The Proposals:
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Unfortunately, panel members proved far more adept at suggesting options than making clear
recommendations. Hopelessly deadlocked, the group's final document consists of little more than three
minority reports, each pointing in a different direction.
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Current benefits would be reduced by 50 percent -- down to about 2/3 of the poverty line. Workers will supplement this *safety-net pension* by dumping five percent of their income each pay into a PSA. These PSA's would be managed by registered investment firms offering a smorgasbord of portfolio options for their individual clients. The PSA becomes a private pension arrangement much like current 401 (k) plans.

Upon retirement, employees would receive the skimpy safety-net benefit given to all, plus an annuity based upon the success of their PSA. The proposal reduces the role of the federal government to

	Who knows. All three plans are complex and controversial; none are easily explained through
[nonmercial round bites to the electorate Don't hold your breath Given that Congress tends to dodge
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-	complex and controversial issues as long as possible, quick action is unlikely.
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