

his private account plan in February during his State of the Union address.

Bush's appearance was intended to highlight the retirement programs that cover workers in Galveston and two nearby counties, Brazoria and Matagorda. Workers in those counties opted out of Social Security in the early 1980s, switching to private plans that proponents say offer workers better benefits than the federal retirement system -- something Bush said could be duplicated if Congress enacts his plan to allow workers to divert nearly a third of their Social Security taxes into personal accounts.

The accounts offer "a better deal for younger Americans," Bush said, adding, "I like the idea of people owning something."

Five months after Bush launched his drive to restructure Social Security, all of the pitfalls of his efforts were on display yesterday before the Finance Committee. Democrats -- even those identified as potential swing voters -- were united in their opposition, appearing en masse at a Capitol Hill rally after the hearing to underscore the point.

"I've always been one who thought that there was a kernel of a good idea in individual accounts, but I never thought it was a good idea to finance personal accounts with massive debt," said Sen. Kent Conrad (N.D.), a committee member who has been wooed by Bush.

On the other side, Republicans appear to be splintering in the face of falling public support for the president's private accounts plan. Peter Ferrara, a Republican witness and director of the Social Security project at the Free Enterprise Fund, took repeated swipes at the White House for overemphasizing the need for benefit cuts; refusing to draft a detailed, comprehensive plan; and failing to anticipate the criticism that has weakened the restructuring movement.

Some committee Republicans made favorable comments about the plan of another witness, Massachusetts investment executive Robert Pozen, who would slow the growth of Social Security benefits for middle- and upper-income beneficiaries by using the growth of prices over their careers to help determine initial benefit levels. Currently, initial benefits are determined by the growth of wages.

But Ferrara warned Republicans that under such a plan, Social Security benefits would replace less and less of a senior's pre-retirement income. Returns on Social Security taxes would worsen each year. Ferrara warned Grassley after the hearing that Pozen's approach could be politically disastrous for the GOP.

His alternative would allow workers to contribute their entire 6.2 percent share of Social Security taxes to private accounts, a huge hit on the Treasury that would be made up over 75 years by \$7 trillion in unspecified federal spending cuts and assumed economic growth because of a surge of private investments from those accounts. Absent such spending cuts, the government would incur trillions of dollars in additional debt, a prospect that did not sit well with some Republicans.

"Our debt is very high now, and to say we need to add more, that troubles me greatly," Thomas said after the hearing.

Fletcher reported from Galveston.

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