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In Haggling Over Social Security, Even the Middle Is Perilous

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WASHINGTON, March 6 - With President Bush's approach to overhauling Social Security facing a daunting set of obstacles, both sides in the debate are exploring the pros and cons of compromise.

But while it would not seem difficult on the surface to identify a middle ground, the types of deals envisioned by each side remain mostly anathema to the other, and, because of the high political and ideological stakes, there are contingents in each party who say that failure to agree at all would be better than a compromise that gives way on principle.

As a result, analysts and members of both parties say, bringing Democrats and Republicans together on Social Security will be much harder than on issues that better lend themselves to splitting the difference.

"It's going to be extremely difficult because of the built-in distrust between Democrats and Republicans," said Eric Patashnik, a professor of politics at the University of Virginia who has studied Social Security. "That's going to be hard to overcome."

To Republicans and other supporters of Mr. Bush's approach, the obvious middle ground would be to create private investment accounts out of the existing payroll tax, as the White House wants, and then combine that with steps to ensure that low-income and perhaps middle-class workers and retirees come out ahead, giving the final package a progressive cast.

"That's the thing you dangle out there: that the Social Security system is actually going to be better for low-income people," said Representative Jim Kolbe, Republican of Arizona, who has been trying to build bipartisan support for a plan that includes private accounts.

Among Democrats and other opponents of the administration's proposal, the assumption is that any deal would combine steps to ensure Social Security's financial health with the



Gerald Herbert/Associated Press

The Republican senator Lindsey Graham of South Carolina is seeking a bipartisan agreement.

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creation of retirement accounts that would supplement Social Security rather than replace a part of it. In that way, the legislation would meet the liberal demand that nothing be done to dismantle the retirement program while allowing conservatives to establish the principle of personal investing.

"If there is potential for common ground, it lies in wrapping together within a single legislative package a fair and balanced solvency plan with a progressive individual account that functions as a universal pension completely separate from the financing of Social Security," said Gene Sperling, who was director of the National Economic Council under President Bill Clinton.

On Sunday, senior members of both parties said they were willing to negotiate - if the other side would give way on private accounts. Democrats suggested they would be willing to negotiate a package of benefit cuts and tax increases to assure Social Security's long-term solvency if the president dropped his demand for private accounts financed by the payroll tax. Administration officials said private accounts along the lines the president wants had to be part of any deal, but that beyond that, they were open to Democratic ideas.

"If the president takes privatization off, if he makes a commitment to the future of Social Security, we're ready to sit down on a bipartisan basis and put everything on the table," Senator Richard J. Durbin of Illinois, the Democratic whip, said on "Meet the Press" on NBC.

Treasury Secretary John W. Snow, speaking on "This Week" on ABC said Mr. Bush was encouraged that Democrats were at least discussing the issue.

"We want Democrats and Republicans talking to each other, and out of that, that climate of ideas, discussion, dialogue, I think we'll get something important here," Mr. Snow said. But he added that "private accounts are absolutely a central part of any solution."

The search for a deal is playing out quietly on Capitol Hill, with little apparent progress so far. A group of a dozen or so centrists in the Senate, including Olympia J. Snowe of Maine, a Republican, and Joseph I. Lieberman of Connecticut, a Democrat, has held some discussions. Senator Lindsey Graham, Republican of South Carolina, has been talking with a small bipartisan group about his ideas, which include relying in part on a tax increase on upper-income people, a stance rejected by most of his party. Representative E. Clay Shaw Jr., Republican of Florida, has been trying to drum up support in his party for an approach built on supplemental accounts.

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