



launched its campaign to sink the Bush plan, said AARP spokeswoman Christine M. Donohoo.

When Congress returns next Monday, the fate of Social Security restructuring will be in the hands of the House Ways and Means Committee and the Senate Finance Committee, not the White House. Moderate Republicans are convinced that Ways and Means Chairman Bill Thomas (R-Calif.) will stitch together a large package of savings incentives, private pension changes and tax breaks for long-term health care that will be popular enough to win majority support for more controversial benefit cuts that will secure Social Security's financial future. If necessary, they say, Thomas will jettison the central plank of Bush's plan, private investment accounts financed out of the existing payroll tax.

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Thomas's package could put intolerable pressure on Democrats to break with their leadership and come to the negotiating table, said Rep. Mark Foley (R-Fla.), another committee member. Already, Teamsters President James P. Hoffa has suggested that organized labor should not stand in the way of dialogue on Social Security changes, and two Democrats -- Reps. Robert Wexler (Fla.) and James P. Moran Jr. (Va.) -- unveiled their own Social Security plan last month. "I just want to issue a clarion call to Democrats: Get ready, because Bill Thomas will ultimately deliver a product that most mainstreamers in the U.S.A. will find compelling," Foley said.

But while the White House trumpets what it calls cracks in the opposition, those cracks may be less significant than Bush's allies suggest. Hoffa has said he agreed with other union leaders' opposition to private accounts carved out of Social Security taxes. And the Wexler-Moran proposal -- a 6 percent increase in the payroll tax for upper-income workers -- offers Republicans little room for negotiation.

"The Democratic leadership has a mantra now, 'We don't want any alternatives,' and to their credit, things are going very well," Moran said. "We haven't had to defend any plan, so the focus has been on President Bush's plan."

Even Foley concedes, "If it's going to be 'clamp down, shut down and shut up,' like I'm hearing from the Democrats, then it's going to be a long road to salvation for this bill."

Adding to the problems are conservative Republicans who are in no mood to compromise. They are inclined to see any personal investment account that is added on top of the existing Social Security system as an entitlement expansion, or worse, a tax increase, said Rep. Paul Ryan (R-Wis.), a Ways and Means conservative.

House members are confident Thomas will win passage of a bill out of his committee this summer. But aides are more skeptical about Senate Finance Committee Chairman Charles E. Grassley (Iowa), whose committee has one Republican, and possibly three, opposed to the president's approach. Finance Committee and GOP leadership aides say Republicans are closing in on a plan to secure Social Security's solvency.

The committee plan would accept a modified version of Bush's proposal to allow benefits to rise for low-income workers as currently scheduled, to freeze benefits at today's inflation-adjusted levels for upper-income workers and set a sliding scale for workers in between. The cuts in promised benefits would be somewhat less deep than in the Bush plan because the committee would also raise the retirement age by linking it to increasing longevity.

But committee Republicans have yet to make headway on the issue of private accounts. A senior Senate GOP leadership aide said Senate Majority Leader Bill Frist (Tenn.) will give Grassley until the July 4 recess to win committee approval of his bill. After that, Frist could invoke a parliamentary rule to bring Social Security legislation directly to the Senate floor.

At that point, a compromise could be worked out, led by the same group of 14 senators that struck a deal last week to avert a potentially disastrous showdown over Bush's judicial nominees, a number of Senate aides said. But there is a problem with that scenario as well: Sen. Olympia J. Snowe (R-Maine), the one member of the Finance Committee vocally opposed to private accounts, is also one of the seven Republicans in that "Gang of 14," and Snowe aides said she had promised Grassley she would not cut a deal outside the panel.

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