

# A Big Push On Social Security

Private Accounts Are Bush Priority

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Saturday, January 1, 2005; Page A01

President Bush's political allies are raising millions of dollars for an election-style campaign to promote private Social Security accounts, as Democrats and Republicans prepare for what they predict will be the most expensive and extensive public policy debate since the 1993 fight over the Clinton administration's failed health care plan.

With Bush planning to unveil the details of his Social Security plan this month, several GOP groups close to the White House are asking the same donors who helped reelect Bush to fund an extensive campaign to convince Americans -- and skeptical lawmakers -- that Social Security is in crisis and that private accounts are the only cure.

Progress for America, an independent conservative group that backed Bush in the campaign, has set aside about \$9 million to support the president's Social Security plan as well as other White House domestic priorities in the new year, said spokesman Brian McCabe. The group is asking its donors for much more, he said.

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Stephen Moore, head of the conservative Club for Growth, has raised \$1.5 million and hopes to hit a \$15 million target when his fundraising drive ends.

But their contributions are likely to be dwarfed by those from corporate trade associations, spearheaded by the National Association of Manufacturers. Other likely contributors include the financial services and securities industries and other Fortune 500 companies, GOP officials say. White House officials, led by Karl Rove and Charles P. Blahous III, the president's policy point man on Social Security, are helping to shape the public relations campaign, said the officials, who talked about private discussions with the White House on the condition of anonymity.

"It could easily be a \$50 million to \$100 million cost to convince people this is legislation that needs to be enacted," Moore said. "It's going to be expensive" because "it's the most important public policy fight in 25 years," he said.

Republicans are expediting their fundraising plans after learning that AARP, the influential seniors group that supported Bush's Medicare program but opposes his Social Security designs, will spend \$5 million in the first two weeks of this month attacking the president's plan to allow younger workers to invest part of their Social Security contributions in the stock market. AARP plans to run full-page ads in 50 large newspapers to coincide with the return of Congress next week. In one ad, a couple in their forties says, "If we feel like gambling, we'll play the slots."

AARP will be joined by a large number of Democratic groups, including the AFL-CIO, the NAACP and the National Organization for Women. They are coordinating their work with Democratic congressional leaders, all of whom oppose the private investment accounts.

Both sides say the fight could eventually become the most expensive lobbying campaign Washington has witnessed because the stakes are so high for businesses and taxpayers and the issue is so complex for most Americans.

"As an issue, Social Security has not really been out there in front of the public," said David Certner, director of federal affairs at AARP. "It was less of an issue in this past election than it has been in any election in the past two decades."

Consequently, both sides are rushing to define the problem and potential solutions just as most Americans start tuning in to the debate over overhauling the 65-year-old program.

The only point they agree on is that Social Security faces a long-term financial problem because the U.S. population is growing older, living longer and, sometime next decade, will be taking more out of the system in benefits than it is paying in taxes that fund it. Democrats are divided over how to fix the problem. Some want to raise taxes; others want to cut benefits or delay the retirement age.

Bush and his GOP allies want to change the system by allowing some workers to put a percentage of their payroll taxes into private investment accounts. The president plans to detail his Social Security plan late this month to coincide with his State of the Union address, which GOP officials say will place the issue at the top of his domestic agenda.

Republicans inside and outside the White House said Bush plans to ask Congress to allow younger Americans to put at least one-third of the 6.2 percent payroll tax into private accounts, which will offer a set number of investment options similar to the thrift savings plans provided to federal workers.

The president has vowed that benefits will remain untouched for those at or near retirement.

Republicans said Bush is leaning toward cutting benefits for those who opt for the private accounts. Once he announces the plan, Bush will campaign as if it is an election, holding rallies and town hall meetings to promote the plan. A senior White House official said the president will tell Congress he wants the plan enacted by the end of this year.

The Republican groups plan to provide the financial muscle, mostly for ads. According to several officials, the campaign will focus on several issues that critics say are debatable: that the retirement system is in crisis, that private accounts are a wise solution and even smarter investment, and that Bush has a mandate from voters to fix Social Security because he talked about it during the 2004 campaign. The groups also plan to argue that it is prudent to borrow money today to cover the transitional costs and avert what they call a \$10.4 trillion unfunded liability in the future. That number represents the shortfall calculated over the infinite life of the program.

Although the business groups are divided over how big the accounts should be and whether they should be accompanied by benefit cuts, the organizations all plan to swing behind the Bush plan, according to people involved in the effort. Moore, for instance, is putting together an ad promoting private accounts that could be ready by the State of the Union speech.

Corporations will do much of their work through a group called the Alliance for Worker Retirement Security, which operates out of the National Association of Manufacturers headquarters here and was once headed by Blahous. Derrick A. Max, executive director of the alliance, said the group will probably run its own ads and help fund other efforts.

"The beginning stage will be focusing on the crisis, the need to act and the cost of delay," Max said.

