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Bush Denies That Private Accounts Are in Serious Trouble

By ROBIN TONER

WASHINGTON, March 3 - President Bush dismissed the notion Thursday that his campaign to create private accounts in Social Security was in serious trouble, asserting he was still "at the early stages of the process."

Vowing to push ahead and acknowledging that "I've got a lot more work to do," Mr. Bush said he was open to ideas from both parties and tried again to allay the fears widespread in his own party that Social Security was "the third rail of politics."

"Ultimately," he said, "I think politicians need to be worried about not being a part of the solution."

Senate Democrats seemed unworried. They said they would work with Mr. Bush on Social Security only if he would "publicly and unambiguously announce" that he rejected his proposal for private investment accounts financed by payroll tax revenues.

"Such a statement would eliminate a serious obstacle to the kind of bipartisan process that Democrats are seeking to deal with Social Security's long-term challenges," Democrats said in a letter that was circulated for senators' signatures Thursday night and quickly acquired 42.

Democrats said the Bush administration had been sending mixed signals about whether it would consider a Social Security plan without those accounts. Treasury Secretary John W. Snow said on Wednesday that the administration would not rule out a different approach -- creating new investment accounts in addition to Social Security, rather than within the program as a replacement for part of the traditional government benefit.

But many consider a compromise unlikely. Conservatives are committed to changing the fundamental nature of Social Security, and the so-called "add on" accounts would fall far short of that. Many Democrats, for their part, see little reason to compromise with an administration that, in their eyes, is struggling on an issue for the first time in a long time, and with whom they disagree so profoundly.

Democratic leaders assert that Mr. Bush's plan for private accounts would require huge borrowing, put Americans at much greater financial risk and be devastating to the stability of the 70-year-old government pension plan. Republicans say such accounts would allow younger workers to create a nest egg and a better retirement income than the government may be able to provide by mid-century.

It was a day of mixed signals and scrambling. Republican leaders tried to steady their drive for Social Security legislation, despite a round of downbeat polls and a rocky reception during last week's Congressional recess. Senator Bill Frist, the majority leader, took the floor of the Senate to say that, in contrast to his comments Tuesday, he was committed to bringing Social Security legislation to the floor this year.

On Tuesday, asked if he could guarantee such a vote, Dr. Frist said it was "just too early" to say "whether it will be a week, a month, six months or a year." His remark was widely taken as a sign that the legislation was in serious trouble, and not welcomed by the Bush administration, which hopes for action before Congress heads into the midterm election year of 2006.

On Thursday, Dr. Frist took the floor and declared, unequivocally: "We need to do it this year. This year. Not next year."

Another Republican leader, Senator Charles E. Grassley of Iowa, chairman of the Finance Committee, sparked a wave of speculation when he told reporters from his state that too much attention was focused on personal accounts. He said, "Since personal accounts don't have a lot to do with solvency and I support personal accounts, but maybe we ought to focus on solvency and just bring people to the table on what you do about solvency over the next 75 years."

Mr. Grassley said personal accounts had given Democrats a target and a way of avoiding "the responsibility we all have about the solvency of it."

Representative Charles B. Rangel of New York, the ranking Democrat on the House Ways and Means Committee, praised Mr. Grassley for putting Social Security's fiscal health first, "over the ideology of privatization" that has "nothing to do with improving Social Security's solvency."

But later Thursday, Mr. Grassley issued a statement suggesting he was not breaking ranks with the administration, declaring, "Personal accounts are still on the table along with all the other ideas to strengthen Social Security."