Politics et Cetera
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In this Issue

THEY SAID IT

"More than almost anyone else, McAuliffe personifies Clinton-era sleaze. It was McAuliffe who, as Democratic finance chair, dreamed up the idea of parlaying White House hospitality into campaign cash. It was McAuliffe who broke down the barrier between hard money contributions, which are regulated and go directly to candidates, and soft money contributions, which are not limited but are supposed to be restricted to party-building activities. And it was McAuliffe who presided over Democratic fund-raising while the party surreptitiously sought illegal money from foreign donors – the scandal, you'll remember, that probably kept the Democrats from retaking the House in 1996."

The New Republic, March 19, 2001.

TERRY LED THREE LIVES.

As many of my old friends in the Washington, D.C. area know, it is increasingly difficult to get me to leave the Shenandoah Valley to do what folks down here refer to as "going up to the city." But I am considering making the trip soon to attend a party being hosted by the GOP establishment to celebrate Terry McAuliffe's long service to conservatism. Second only to Bill Clinton, Terry deserves to be honored for his important role in helping to demolish the Democratic Party. For those of us who have never had the privilege of meeting this great patriot, this is a once in a lifetime opportunity to shake the hand of a true American hero.

Few people realize the dedication that Terry brought to this task. Like Herb Philbrick, the heroic figure who told his life story in his autobiography *I Led Three Lives* and was later the inspiration for the 1950s hit television series "I Was A Communist for the FBI," Terry kept his lonely secret for many years, dutifully and skillfully playing three distinct roles as convincingly as any of Hollywood's best actors, the first as a sleazy businessman, the second as an unprincipled Democratic Party fundraiser, and finally as the high rolling Chairman of the Democratic Party, when all along he was a Republican mole, helping his friend and fellow undercover saboteur Bill Clinton reduce that evil organization to a mere shadow of its former self.

And now, finally, the story can be told, and will be told at this celebration party that I understand will be held at Washington's large convention center and attended by high ranking Republicans from all over the nation, as well as by thousands of simple, small town McAuliffe admirers like Steve and I, who want an opportunity to pay our respects and offer a thank you.

Of course, I don't know the whole story, but I have been filled in on a few details from a friend of mine, whose first name is Louie and whose last name I cannot reveal. Louie runs a small bookmaking operation in Washington where I do a little business and where Terry made his drops and picked up his orders.

The story, as I understand it, begins shortly after Terry received his undergraduate degree from Catholic University in Washington, D.C. in 1979 and took a job in the Jimmy Carter reelection campaign. At that time, Terry was a staunch liberal Democrat, his father having been treasurer of the local Democratic organization in Syracuse, New York. But young Terry quickly realized that Jimmy Carter was an idiot and he began a surreptitious, one-man campaign to save the nation from what Terry reportedly later described as "four more years of that little goof."

Among other things, according to GOP lore, which probably is not true but simply one of those fables that become associated with larger-than-life characters, Terry was the one who came up with Jimmy's famous "Rose Garden Strategy," under which the President pledged not to campaign until the hostages in Iran were released. Thus, in one silly gesture, Jimmy demonstrated to the world that the President of the most powerful nation on earth was a hapless sap whose day to day movements could be restricted by a ragtag bunch of religious wackos. It also cost him months of campaigning during the crucial opening of his reelection effort and made him look even more foolish than usual when he had to abandon this strategy in May 1980, six months after the hostages were taken and seven months before they were actually released.

Shortly after Carter's loss, the story goes, Terry made contact with the Republicans, arguing that he was perfectly suited to become the Reagan White House's Dick Tuck, the legendary Democratic Party's "dirty tricks" artist, who tormented President Nixon during his two presidential election campaigns and, some say, prompted Nixon to set up his own "dirty tricks" operation, which led to the Watergate break in.

The Reagan White House turned down this offer, instead convincing Terry that he could do more for the conservative cause by working his way up the Democratic Party ladder and eventually getting into a position where he could sabotage it from the inside. They put him in touch with the young, newly elected governor of Arkansas, who had also agreed to participate in a plan to destroy the Democratic Party. (For details, see "The Kool-Aid Gambit," The Political Forum, September 16, 1998.)

Terry's first task was to become rich and sleazy, since he and his GOP handlers understood that he would never gain access to the Democratic Party's upper ranks unless he was both. So he took three important steps toward achieving this goal.

Naturally, the first step was to attend law school. While there, Terry learned a fundamental truth about being a crooked lawyer, which had been beautifully outlined 15 years earlier by Kurt Vonnegut in his marvelous little book *God Bless You Mr. Rosewater,* as follows:

> Just as a good airline pilot should always be looking for places to land, so should a lawyer be looking for situations where large amounts of money are about to change hands . . .In every big transaction, there is a magic moment during which a man has surrendered a treasure, and during which the man who is due to receive it has not yet done so. An alert lawyer will make that moment his own, possessing the treasure for a magic microsecond, taking a little of it, passing it on. If the man who is to receive the treasure is unused to wealth, has an inferiority complex and shapeless feeling of guilt, as most people do, the lawyer can often take as much as half the bundle, and still receive the recipient's blubbering thanks.

Terry's second move was to sign on to work for House Majority Whip, Rep. Tony Coelho, who, as Chairman of the Democratic Congressional Campaign Committee at the time, was the unrivaled master of political fund-raising sleaze; the man who invented the modern day version of this art; the man whose phenomenally sordid career as the *wunderkind* of corrupt fund raising practices was the subject of a 1988 book entitled *Honest Graft* by *Wall Street Journal* reporter Brooks Jackson; the man who, five years later, abruptly resigned from his powerful position as House Majority Whip one day and immediately left town just as a scandal over a shady junk bond deal was beginning to surface; and the man who, wonder of wonders, was later selected by Al Gore to be campaign manager for his unsuccessful run for the White House.

McAuliffe was Coelho's "Finance Director," when Coelho was, according to Jackson, raising money for the Democratic Party from, among others, "a multimillionaire grain merchant who was a central figure in the Koreagate scandal of the late 1970s, the boss of the crime-ridden Teamster's union, a scandal-ridden Wall Street firm [Drexel Burnham], and a Texas wheeler-dealer under federal grand-jury investigation."

Besides learning the trade of dodgy political fundraising at the feet of the master, Terry took another important step toward reinforcing his disguise as a sleazy, rich Democrat. He went into the real estate business in Washington, D.C., which has long been a fever swamp of Democratic Party corruption.

Full details of Terry's rise to wealth and political influence via these avenues are beyond the scope of this short article, but a few highlights will tell the gist of the story.

• Without question, Terry's most lucrative sleazy deal was one involving Global Crossing, in which he converted a $100,000 personal investment into an $18 million windfall in just two years, shortly before the company went bankrupt, costing its shareholders some $50 billion. The following quotes from Newsmax.com articles written in 2002 provide some details.

> McAuliffe turned a $100,000 investment in 1997 into $18 million just two years later. He also facilitated a relationship between Global Crossing chief Gary Winnick and McAuliffe's boss at that time, Bill Clinton. It was a fruitful meeting, later resulting in a $1 million contribution to the Clinton presidential library….
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> Though he insists now that his relationship with bankrupt telecommunications giant Global Crossing was strictly business, Democratic National Committee Chairman Terry McAuliffe admitted in 1999 that he once worked for Global CEO Gary Winnick, who, McAuliffe said, hired him to "help him work on deals" because Winnick "was looking for a little political action."
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> After President Clinton's reelection to a second term, the top Clinton fund-raiser began "operating out of an office in downtown Washington that belonged to Mr. Winnick's Pacific Capital Group, a billion-dollar operation based in Beverly Hills," the *New York Times* reported in Dec. 1999. Winnick had retained Mr. McAuliffe as a "consultant," the paper said.
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> The DNC chief told the *Times*, "Gary (Winnick) likes the action. He wanted a stable of people around him with great contacts" to "help him work on deals." . . . The bankrupt ex-billionaire seems to have gotten what he wanted. Not only did Winnick's company win a $400 million Pentagon contract with the help of the Clinton White House, but he managed to get a public endorsement from the president himself. "Gary Winnick has been a friend of mine for some time now and I'm quite thrilled by the success that Global Crossing has had," then-President Clinton told a Calif., fund-raiser in Nov. 1999.

• Another of Terry's many lucrative real estate deals involved, not surprisingly, Prudential Insurance Co., which is a corporate bastion of Democratic Party liberalism, a player in D.C. real estate, and as Terry certainly knew, unburdened by ethical considerations. Prudential paid Terry a $375,000 fee to help it lease a building it owned in downtown Washington to the Pension Benefit Guarantee Corporation. Such fees for government contracts are generally considered bribes and therefore illegal. In any case, Terry got Prudential a 15-year $187 million lease. The year was 1993, when Terry was fundraising for the Democratic Party under Bill Clinton. It was also the year that Prudential contributed $85,000 to the Democrats, including, according to *Mother Jones* magazine, $35,000 for two "presidential dinners," shortly after the lease signing.

The December 22, 1997 issue of *Business Week* reported the following relative to this deal: "The U. S. Attorney's Office in Washington is trying to learn more about how McAuliffe earned a lucrative fee in helping Prudential Insurance Co. of America lease a downtown Washington building to the government. Prudential just settled a civil case involving that lease for over $300,000 without admitting any liability.

• But the deal that cemented Terry's reputation as being sleazy enough to play with the big boys in the Democratic Party involved his relationship with the Unions. The following clip from a 1999 *New York Times* story provides some of the essence of this squalid saga.

> A former Democratic official has testified that Terence McAuliffe, President Clinton's friend and chief fund-raiser, played a major role in promoting an illegal scheme in which Democratic donors were to contribute to the Teamster president's re-election campaign, and in exchange the Teamsters were to donate large sums to the Democrats. The official, Richard Sullivan, the Democratic National Committee's former finance director, testified in Manhattan at the trial of William Hamilton, the Teamsters former political director, that McAuliffe urged him and other fund-raisers to find a rich Democrat to donate at least $50,000 to the 1996 re-election campaign of Ron Carey, the former Teamsters president. During the three-week-long trial, Sullivan testified that McAuliffe had said that if a Democratic donor made a large contribution to the Carey campaign, then the Teamsters would contribute at least $500,000 to various Democratic Party committees . . . McAuliffe's lawyer, Richard Ben-Veniste, said his client had done nothing wrong.

• And then there's this from a 2002 column entitled "McAuliffe's Shady Business Past" by Byron York in *National Review Online*.

> In the late 1990s, some of McAuliffe's business ventures came under investigation by the U.S. Department of Labor, which filed suit against two labor-union officials, both of them with the International Brotherhood of Electrical Workers pension fund, for entering into questionable business arrangements with McAuliffe. Both officials later agreed to pay hundreds of thousands of dollars in penalties for their actions, and the union itself had to reimburse its pension fund by nearly $5 million.
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> In one deal, McAuliffe and the fund officials created a partnership to buy a large block of commercial real estate in Florida. McAuliffe put up $100 for the purchase, while the pension fund put up $39 million. Yet McAuliffe got a 50-percent interest in the deal; he eventually walked away with $2.45 million from his original $100 investment. In another instance, the pension fund loaned McAuliffe more than $6 million for a real-estate development, only to find that McAuliffe was unable to make payments for nearly five years. In the end, the pension fund lost some of its money, McAuliffe moved on to his next deal, and fund officials found themselves facing the Labor Department's questions.

Of course, this is only a partial list of Terry's efforts to appear sleazy enough to become Democratic Party Chairman when Bill left office, and thus assure that the GOP project would move forward in his absence.

And this list does not include any of the brilliant fund raising moves that went on in the Clinton White House while Terry was serving as Bill's fund raiser extraordinaire in various capacities, including Finance Director of the DNC and the Democratic Congressional Campaign Committee, National Finance Chairman, and National Co-Chairman of the Clinton-Gore re-election committee.

Terry's role or participation in any of these activities is not known by outsiders, but one can't help but notice that on his watch the Party's fund raising activities managed to achieve a level of sleaze that became almost theatrical, introducing the American public to an astonishing conglomeration of crooks, incompetents, political hacks and fools with such colorful names as Johnny Chung, Charlie Trie, John Huang, and Colonel Liu. And this is not to mention such minor schemes as renting out the Lincoln Bedroom in exchange for large campaign donations.

To say that these acts of political destruction were brilliant is badly to understate the case. Suffice it to say that his role in these activities earned Terry enormous respect, trust, and devotion from the top tier of Democrats both in Washington and across the nation, in much the same way that Bill's sexual antics, myriad crooked business deals, and outright perjury did. And at the same time, they helped enormously to reinforce the contention among a growing majority of ordinary Americans that the Democratic Party did not represent the kind of moral values that they themselves honored.

The result was that Bill and Terry did more damage to the Democratic Party than even the most optimistic of their handlers within the GOP establishment believed possible. A catalogue of the damage done is beyond the scope of this article, but it is worth noting that when Bill entered the White House, the Democratic Party was and had been for decades the nation's majority party. Not only did Democrats control both the House and the Senate and a majority of State Houses, they controlled the national agenda, wielding the terrible swift sword of political correctness against anyone who challenged their victim-oriented view of the world.

Today, Democrats hold 44 seats in the U.S. Senate (down from 58 when Bill was elected), 202 in the House (down from 259) and just 22 governorships (down from 28), only two of which are in what might be called large states, those being Illinois and Pennsylvania. And the amazing thing is that Bill and Terry accomplished this destruction in such a way as to actually enhance their personal standing with the Party elites. Indeed, to this day both are widely admired by Democrats everywhere.

Of course, Bill is gone now, traipsing around the world with his Republican friend the former President George Bush. But on his way out the door, besides stealing the silverware, he performed two final acts of sabotage. He left party politics in the hands of the incompetent Al Gore, and the party machinery in the hands of Terry, who carried on the campaign of destruction brilliantly for four more years, playing his part in the defeat of Al in the presidential race, of numerous Democrats in the 2002 off-year election, and of John Kerry in the presidential race of 2004.

And as a final act of dedication to his cause, Terry is leaving the Chairmanship of the Party in the hands of Dr. Howard Dean, a New England liberal who was unable to win a single primary among Democrats in the run up to the 2004 election and became the object of ridicule among Americans across the nation by the manner in which he lost.

Three cheers for Terry, says I. Few politicians in recent memory have done so much for the cause of conservatism, for the Republican Party, and for the American people. Hip, hip, hurray.

THE FIGHT FOR SOCIAL SECURITY: RETREAT AND REGROUP.

The opening volleys in the battle over Social Security reform have been fired, and conservatives and other reform-minded Americans have good reason to be disheartened. It's not that the Democrats and other reactionaries have made a particularly compelling argument against reform. Their counter-arguments are, at best, weak and, at worst, dishonest. But then again, reform's opponents don't actually have to convince anyone of anything, do they? The burden of persuasion falls squarely on advocates of change, namely President Bush and his allies in the conservative movement. And thus far, this crowd has been less than persuasive.

It may be unfair to declare that the reform movement is floundering before the President has even unveiled his official proposal. But there is no question that the Bush administration's early efforts at persuasion have been unimpressive, to say the least. It is almost as if the President decided to reassign the crack team responsible for shoring up support for the war in Iraq to the Social Security project, thereby ensuring that the public would never really understand either the political stakes involved or the economic, fiscal, and demographic imperatives of reform.

The first and thus far most glaring mistake the administration has made in pitching its general plan for Social Security reform was framing the debate as a response to a "crisis." For a handful of reasons, it is doubtful that the Democrats' strategy to turn the Social Security debate into a replay of the Clinton health care debacle will prove even modestly successful. But certainly the Bush administration is playing into the Democrats' hands by resurrecting the "crisis" rhetoric that was so in vogue back in 1993 and '94, when Bill, Hillary and Ira Magaziner were running around like Chicken Little screeching that the health care sky was falling.

In general, Americans are leery of any politician who tries to sell them on an impending crisis. And for good reason. As *National Review's* Ramesh Ponuru recently noted, "crisis rhetoric (and moral-equivalent-of-war rhetoric) has often been used to justify expansions of state power, and is better suited to that agenda than to an anti-statist one."

More to the point, President Bush is pushing a "crisis" that is entirely unlikely to generate any type of political momentum at all, and certainly not the kind that will be necessary to convince hesitant legislators to overcome their fear and grasp firmly the erstwhile "third rail" of government.

Anyone who has any awareness at all of demographic trends understands that there is, indeed, a crisis looming in all industrialized (and some non-industrialized) nations with regard to public pension systems and the ratios of retirees to workers. Adding to the sense of pending calamity is the fact that this uncomfortable circumstance begins in this nation in less than five years, when the "baby boomers" begin drawing from rather than contributing to the Social Security system. But that is not how the President has formulated his crisis pitch. He has, instead, chosen to focus specifically on the mundanity of budgets, deficits, and unfunded liabilities.

Moreover, the President has chosen to project this mundane "crisis" several decades into the future, thus guaranteeing that the vast majority of those most affected by the weaknesses in the current system will be unable or unwilling to muster much concern about the problem. After all, in the eyes of those most affected, the crisis will manifest itself an entire lifetime from now. As the indispensable Charles Krauthammer put it last week:

> First, it is hard to rally people to a crisis that you have located 37 years out.
>
> The new millennium was always a science fiction idea, and now that we are there, years beginning with a "2" still seem fictional.
>
> If 2042 were an actuarially significant date, all of this could be forgiven. The President would simply have to work extra hard on getting us to imagine it. But pointing to a date that will instantly lose 90% of the audience is doubly crazy when that date is meaningless; 2042 is the fictional date for the fictional bankruptcy of a fictional trust fund.

President Bush compounded these early mistakes last week when he suggested that he is open to lifting the payroll tax cap on earnings above roughly $90,000 as one possible way of financing the shift from the current system to a new system that includes private accounts. This was, politically and tactically, a disastrous thing to admit. For starters, this gives Democrats a comparative advantage, allowing them to use his "openness" to a payroll tax hike against Bush in any negotiation process. Second, and more important, the President has alienated a good chunk of his fiscal conservative base, which rightfully sees lifting the earnings cap as a massive tax hike that could wipe out not only the potential economic boost from private accounts but the economic gains triggered by the two first-term tax cuts.

To make matters worse, the idea that raising the cap would be a necessary much less productive means of financing the transition is, to put it mildly, stupid, which means that President Bush stepped in it for no good reason. Advocates of the cap hike, including the otherwise fiscally sound Senator Lindsey Graham (R, SC), argue that financing the transition exclusively through borrowing would be damaging economically, since it would stress the debt markets and drive interest rates sky high. That's all well and good, but it's also not true, premised as it is on the fiction that the debt markets do not already know that there is a trillion dollars or more of unfunded government liability built into the system and haven't collectively factored that into current price levels. The Social Security "trust fund" is pure fiction, and the presumption that the bond markets haven't figured this out is as patronizing as it is preposterous.

One final early mistake that the administration has made in its Social Security reform offensive was its failure to anticipate, and therefore to combat effectively, the customary class-warfare demagoguery that accompanies any GOP effort to address tax or entitlement policy. The *Washington Post* has been particularly brutal in its coverage of the reform agenda, hitting private accounts repeatedly and mercilessly as "dangerous," "risky," and likely to hurt the poorest Americans. The following, drawn from an article published this past weekend, is typical of the stories the *Post* has been running in its coverage of the reform debate and of the arguments made by reform opponents, to which the Bush administration has been painfully slow in responding. To wit:

> No group of Americans would be affected more by President Bush's Social Security plan than those earning the least . . .
>
> Critics, including most Democrats, say individual investment accounts are too risky, they would impose restrictions on the way lower-income retirees could spend the proceeds from their accounts, and they would require unwise and costly reductions in the guaranteed benefits offered by the current system.
>
> Because Social Security is often the biggest or the only source of retirement money for the poorest Americans, low-income workers would be hit particularly hard if the markets plunged and they were left with smaller benefits than they would have received under the current system….
>
> Fay Lomax Cook, director of the Institute for Policy Research at Northwestern University, called the accounts "much too risky."
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> "The whole purpose of Social Security has always been to ensure basic income to those no longer able to work. That basic income can no longer be guaranteed" under the Bush plan, she said.

All things considered, then, President Bush's early attempts to win the debate over Social Security reform have been weak, failing to capture the attention of those who should be natural allies and allowing the opposition to demagogue the issue by framing it in standard class-warfare rhetoric.

But, does that mean that reform effort is necessarily doomed? No. In fact, I suspect that, much to the Democratic establishment's chagrin, President Bush's determination to advance the cause of "personal freedom" at home will prove stronger that his legendary stubbornness with regard to altering the content of his message.

In this case, the fact that the President's message has proven so ineffective so quickly suggests that he and his team will revamp it quickly, incorporating many of the lessons learned from their false start. And given the new tack the administration will likely take, I imagine that when all is said and done, the Democrats will wish that the President's first strategy, the "crisis" strategy, had been more effective.

I expect that the President will, over the next several weeks, take a tack that has the potential to blunt the Democratic attacks on him and to force serious Democrats to make some hard choices between party loyalty and hackneyed clichés about traditionally Democratic constituencies on the one hand and political viability and leadership on the other.

In short, what I expect President Bush to do is to return to the theme on which he touched briefly a few weeks ago, before turning to the "crisis" spiel fulltime; the theme which formed the foundation of the domestic portion of his re-election campaign, namely "the ownership society."

While his critics will continue to insist that private accounts are a threat to the financial stability of "America's poorest," President Bush can – and, I believe, will – counter that it is, in fact, the current Social Security system that is a burden on the poor in general and on young, low-income families in particular. In a pay-as-you-go system, the payroll taxes of the young are used to finance the retirement of the old, and in the case of low-to-moderate income families, this transfer of wealth from the young to the old is an incredible weight to bear.

With private accounts, small as they may be, the generational wealth transfer will slow, and, more to the point, many families will be able to use that portion of their payroll taxes no longer dedicated to the welfare state to create something that has heretofore been unattainable for them because of their economic circumstances, namely private wealth.

The President's opponents will continue to insist that poor Americans aren't savvy enough to understand stocks and bonds, which are too risky, anyway. And the President will, I believe, respond that private investment options are hardly risky in that they will allow even the poorest Americans to participate in the American dream; to reap the benefits of Rothschild's "eighth wonder of the world," compound interest; and to create private wealth that, if not used to finance one's own retirement, can be passed on to successive generations.

The President will not, however, stop there. I fully expect that he will take the ownership argument one step further, tailoring it to specific demographic groups to whom the idea of ownership of Social Security accounts and the attendant right to bequeath those accounts as they see fit will be particularly attractive. The most obvious such demographic group is, of course, African-Americans, who because of their shorter life spans (68.8 years for black men vs. 75.1 years for white men) are far more likely to withdraw from the current system at disproportionately lower rates.

Already, we have seen signs that the President is perfecting his pitch on this account, trying it out on various small groups representing blacks. In separate recent meetings with the Congressional Black Caucus and "a group of black pastors and community and business leaders" President Bush focused his presentation specifically on the unfairness of the current system to black families. As the President told the *Washington Post* last month:

> If you really think about that, you have people putting money in the system that aren't – families won't benefit from the system. And, therefore, it seems to me to make sense, if I were a part of a group of people that were being disadvantaged by the Social Security system, that I'd at least like to have the opportunity to have some of the money I put in the system passable to my family.

Look for the President to continue to hone this portion of his argument for reform and to feature it more prominently in his private account "campaign tour" over the next several weeks. Also look for him or, more likely, advisors close to him to make a subtler though nonetheless earnest effort to pitch private accounts to the gay community. The intersection of Social Security reform and the gay marriage debate is an issue I discussed at length roughly a year ago, just after President Bush announced his support for a constitutional ban on same-sex marriages. I put it thusly:

> Though it is rarely mentioned in the course of the debate, Social Security has quite a bit to do with the push for gay marriage. In discussions on the subject, supporters of same-sex unions often speak in terms of "fairness" and "equality." Yes, for many this is strictly a matter of love and recognition of that love, but for the activists, this is a rights issue. What they want, the activists say, is the same rights as every other committed couple, including, most importantly, the rights to share health insurance and other such benefits, to hospital visitation, and to same treatment inheritance as is afforded married couples. But Social Security, and specifically Social Security survivor benefits, is often the proverbial elephant in the room, the "right" rarely mentioned, but often considered.
>
> Health insurance and other employer-sponsored benefits are already available to "domestic partners" in a considerable and growing number of companies, and the hospital and inheritance issues could and most likely would be resolved by voters and their elected representatives without completely redefining the most ancient of social institutions. But the one issue that cannot be resolved thusly is that involving survivor benefits, which, can be permitted only to family members, in most cases widows or dependant children. And to many gay couples, this is a very big deal. Both gay men and gay women have notably shorter life expectancies than heterosexuals, and this is irrespective of AIDS. Thus, many who have paid into the system all their lives do not live long enough to collect their benefits, and without the legal sanction of marriage, their long-term partners are, unlike married partners, unable to collect either. And with more and more gay couples raising children, thereby making it possible that one of the partners will not work outside the home, and thus will not pay into the system, this problem is exacerbated greatly….

One solution to this problem, as I noted last year, is a reformed Social Security system with private accounts that can be bequeathed to surviving domestic partners, regardless of marital status. And though the President will certainly not make this angle of the Social Security debate a cornerstone of his broader public pitch, neither is he likely to let it go entirely unmentioned.

What effect the President's change in tack will have on the final disposition of Social Security reform is, at this point, hard to say. Until the Bush administration presents a concrete plan, giving odds on passage is an exceptionally dicey proposition.

What I will say is that I expect that such a strategy, if the President does indeed employ it, will put some pressure on a handful of Democrats who both harbor greater political aspirations and have doubts about their party's unthinking, reflexive approach to minority groups within their traditional coalition.

For one, I think it reasonable to predict that Hillary Clinton will, on the advice of her husband, shock her party and come out in support of some form of private accounts. Chances are that Hillary's first effort will be to involve herself deeply in the crafting of a Democratic counter-proposal, doing her best to see that such a plan includes a private investment option. Beyond that, if the President's proposal or some reasonable approximation thereof makes it to the Senate floor, I predict Hillary will vote "yea."

I also anticipate that one or both of the two young, charismatic, centrist black members of Congress, Barack Obama (IL) and Harold Ford, Jr. (TN), will come down on the side of private accounts. Both Obama and Ford have indicated that they are skeptical of the President's early proposals and both have done their best publicly to squelch media rumors that they will cross party lines to aid the Republicans in this effort. At the same time, both men clearly harbor higher political ambitions, and Ford, in particular, can do himself considerable good by appearing to reach across the aisle to work with the President on this issue.

If, as it is presumed, Senate Majority Leader Bill Frist retires from the Senate when his term is complete in 2006 (presumably to gear up for a run at the White House in '08), Ford will almost certainly seek the Democratic nomination for that seat. And while the young Congressman undoubtedly posseses the political acumen and personal affability necessary to win, working with President Bush on Social Security would benefit him immeasurably. Recall that Fords's home state is such a deep-red hue that the President carried it by better than 14 points last fall and even won it in 2000, despite the fact that his opponent then was Tennessee-native Al Gore.

There will be a handful of other Democrats who, for a variety of personal and political reasons, will also cross party lines. My favorite of my home state's senators, Democrat Ben Nelson, who is up for re-election in perhaps the reddest of red states in '06, is one likely candidate to aid the President. Nelson is a centrist with a strong personal relationship with Bush (dating to their days as governors) who, as I have written before, is almost certain to replace Zell Miller as "every Republican's favorite Democrat" on Capitol Hill. Other possible private account supporters include Delaware's Tom Carper, Connecticut's Joseph Lieberman, and a handful of other Democrats who, like Nelson, will be running for re-election next year in red states.

I cannot, at this point, count with any certainty the number of Democrats who will break with their party and support Social Security reform. But I can say that new Minority Leader Harry Reid's boast that his caucus is united and steadfast in its opposition to private accounts, was, to put it delicately, a bit imprudent. When all is said and done, I expect that it will prove a greater challenge for President Bush and Majority Leader Frist to maintain unity within the GOP caucus than to siphon off the five Democratic votes that would be necessary to bring a reform bill to the floor and pass it.

Given the early tenor of this debate, I'll concede that these predictions are, to say the least, optimistic. Thus far the President's campaign to win the hearts and minds of the American public has shown few signs of success. Opinion polls consistently show that a majority of Americans favor some form of private accounts within Social Security, but the President and his team have been unable to translate that general support into political backing for his reform plans.

That said, I think this fight is a long way from over. President Bush has at his disposal the tools necessary to make this an interesting and, for Democrats, very risky debate. If the President pushes the ownership angle of this debate aggressively and smartly, there is a good chance that he will not only succeed in reforming the system but, in the process, in even further dividing and dispiriting the remnants of the Democratic Party.