

BILL THOMAS, CALIFORNIA,
CHAIRMAN

E. CLAY SHAW, JR., FLORIDA
NANCY L. JOHNSON, CONNECTICUT
WALLY HERGER, CALIFORNIA
JIM McCRERY, LOUISIANA
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
JIM NUSSLE, IOWA
SAM JOHNSON, TEXAS
ROB PORTMAN, OHIO
PHIL ENGLISH, PENNSYLVANIA
J.D. HAYWORTH, ARIZONA
JERRY WELLER, ILLINOIS
KENNY C. HULSHOF, MISSOURI
RON LEWIS, KENTUCKY
MARK FOLEY, FLORIDA
KEVIN BRADY, TEXAS
THOMAS M. REYNOLDS, NEW YORK
PAUL RYAN, WISCONSIN
ERIC CANTOR, VIRGINIA
JOHN LINDER, GEORGIA
BOB BEAUPREZ, COLORADO
MELISSA A. HART, PENNSYLVANIA
CHRIS CHOCOLA, INDIANA

ALLISON H. GILES
CHIEF OF STAFF

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

CHARLES B. RANGEL, NEW YORK,
RANKING MINORITY MEMBER

FORTNEY PETE STARK, CALIFORNIA
SANDER M. LEVIN, MICHIGAN
BENJAMIN L. CARDIN, MARYLAND
JIM McDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MASSACHUSETTS
MICHAEL R. McNULTY, NEW YORK
WILLIAM J. JEFFERSON, LOUISIANA
JOHN S. TANNER, TENNESSEE
XAVIER BECERRA, CALIFORNIA
LLOYD DOGGETT, TEXAS
EARL POMEROY, NORTH DAKOTA
STEPHANIE TUBBS JONES, OHIO
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
RAHM EMANUEL, ILLINOIS

JANICE MAYS,
MINORITY CHIEF COUNSEL

April 8, 2005

Social Security and Privatization REALITY CHECK

Third in a Series

**“If the trust fund is a joke,
so is the full faith and credit of the United States.”**

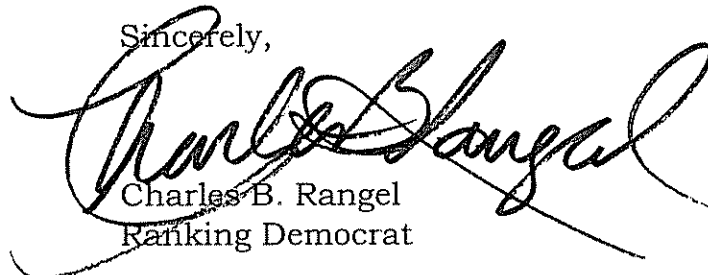
The New York Times, April 7, 2005

Dear Colleague,

In an effort to gain support for his Social Security privatization plan, President Bush made some rather disturbing remarks during his visit to the Bureau of Public Debt in Parkersburg, WV. By implying that the Treasury securities held in the Social Security trust fund are nothing more than worthless IOUs, the President has irresponsibly called into question the United States' commitment to its financial obligations — a matter that would be of interest to any foreign country that holds part of the nations' ever-ballooning debt.

I urge you to take a look at the attached editorial from yesterday's New York Times. President Bush should not cast doubt on our ability to uphold our country's financial obligations in trying to scare up support for his privatization plan.

Sincerely,



Charles B. Rangel
Ranking Democrat

Shameless Photo-Op

Imagine this: On his next trip to Japan, President Bush visits the vault at the Bank of Japan, where that country's \$712 billion in United States government bonds is stored. There, as the cameras roll, he announces that the bonds, backed by the full faith and credit of the United States, are, in fact, worthless i.o.u.'s. He does the same thing when he visits China and so on around the world, until he has personally repudiated the entire \$2 trillion of United States debt held by foreigners.

Mr. Bush rehearsed just that act on Tuesday, when he visited the office of the federal Bureau of Public Debt in Parkersburg, W. Va. He posed next to a file cabinet that holds the \$1.7 trillion in Treasury securities that make up the Social Security trust fund. He tossed off a comment to the effect that the bonds were not "real assets." Later, in a speech at a nearby university, he said: "There is no trust fund. Just i.o.u.'s that I saw firsthand."

Social Security takes in more money than it

needs to pay current beneficiaries, and the excess is invested in the Treasury securities that Mr. Bush was discussing. They carry the same legal and political obligations as all other forms of Treasury debt, every penny of which has always been paid in full and on time.

In his speech, Mr. Bush went on to acknowledge that future generations would have to make good on the debt. But the intended meaning of the photo-op was clear. In the hope of persuading people to privatize Social Security — a move that would only add to the growing debt burden for future generations — Mr. Bush wants Americans to believe that the trust fund is a joke. But if the trust fund is a joke, so is the full faith and credit of the United States.

Fortunately, the governments, institutions and individuals who hold United States debt can tell a publicity stunt from a policy statement. Still, casting aspersions on a basic obligation of the United States government is insulting and irresponsible.