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U.S. House of Representatives

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April 13, 2005

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JANICE MAYES,
MINORITY CHIEF COUNSEL

The Honorable John W. Snow
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Room 3330
Washington, DC 20220

Dear Mr. Secretary:

Last week, President Bush visited the Bureau of Public Debt in Parkersburg, West Virginia. While there, he made a series of disturbing statements about whether the United States intends to make good on the U.S. Treasury securities held by the Trust Fund.

For example, he said "There is no 'trust fund,' just IOUs." Later, he implied that the Treasury securities held in the Trust Fund were not "real assets." Similar statements have been made by the President and other Administration officials on other occasions.

By law, these bonds are backed by the full faith and credit of the United States and carry the same obligation for repayment as the bonds you are selling on the open market to finance the U.S. budget deficit. Given the grave and far-reaching implications of these kinds of statements, I am compelled to put the following questions to you in writing, and to ask that you respond in writing.

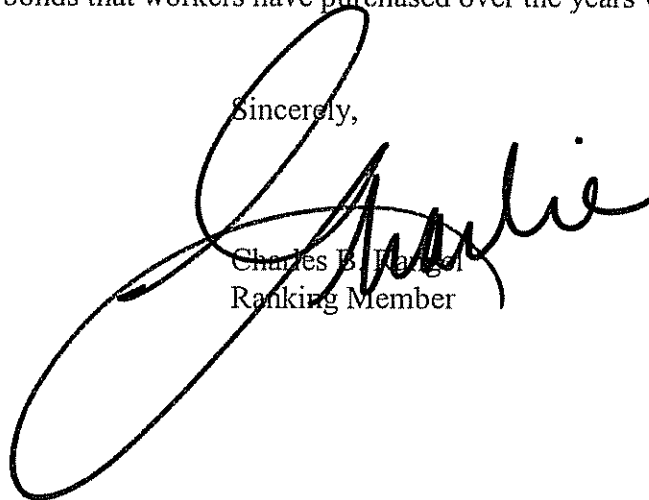
Does the President really believe the United States might default on these bonds, which were purchased with hard-earned tax dollars of millions of Americans? Does he advocate a policy that under any circumstances would not repay the debt, thereby forcing millions of beneficiaries to take a benefit cut instead of collecting the full amount they had earned during their years of work? How can the Secretary of the Treasury convince other possible purchasers of our debt that the President won't repudiate those bonds, as well?

If the President instead meant to say that it will be difficult to repay these bonds, why wasn't the same argument made about the \$4.3 trillion in outstanding debt held outside of the Trust Fund? Are obligations to Americans who expect to receive full Social Security benefits different from obligations to others who hold our bonds, such as the foreign entities which have purchased 91 percent of the public debt incurred since this Administration took office?

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I urge you to clarify whether these bonds are real, and whether the U.S. intends to honor them. If so, Americans can rest assured that Social Security can pay full benefits for nearly 50 years, knowing it can redeem the bonds that workers have purchased over the years with their Social Security contributions.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Charles B. Wangel". The signature is written over the printed name and title.

Charles B. Wangel
Ranking Member