

## **Dissenting Views on H. Res. 170, Resolution of Inquiry**

We disagree with the majority's action to report the resolution to the House with an adverse recommendation. Such a recommendation ensures that the full House will not consider the resolution. On the contrary, we believe that the resolution raises an important issue which deserves discussion and consideration by the full House.

Unfortunately, we were not able even to have full discussion and consideration by the Committee. The markup was scheduled on the latest possible day, with the minimum notice, in the evening and on a day when many members had previously-scheduled activities in their districts. Only one Democratic Member attended.

The February 16 statement by the President cited in the resolution is only one of many comments by the President and other Administration officials disparaging the Social Security trust funds and their holdings. The trust funds are characterized as merely holding IOUs or pieces of paper. These comments seem designed to weaken public confidence in Social Security's future and create an impression that Social Security's financial difficulties are larger, and more immediate, than they actually are.

In addition to exaggerating the scope of Social Security's problems, the Administration's effort to disparage the trust funds and imply that they have no value suggests that the Administration believes we either cannot afford to pay back the monies that have been borrowed from Social Security over the years, or that we should not pay back the trust funds.

Either choice is disturbing. The trust funds have been built up through workers' hard-earned contributions to the fund. A regressive tax has been effectively used to fund the rest of government. We simply must pay back the Social Security trust funds. It is our moral, legal, and financial obligation to every American.

The Administration should not hint that we cannot afford to do so or should not do so. This would be troubling from any Administration. But it is particularly troubling to hear such comments from an Administration that reversed the policy of saving every penny of the trust funds' surpluses, has

diverted \$670 billion of those surpluses over five years, and now proposes to divert every penny of future surpluses.

This is irresponsible from the standpoint of the Social Security debate. However, it is also irresponsible as a matter of our overall fiscal circumstances and the financing of the Federal government, a topic of central concern to our Committee and the Congress.

The bonds held by the trust funds are Treasury securities, similar to those held by individual and institutional investors – as well as Central Banks – in the United States and throughout the world. Questioning the value of the trust funds is questioning the value of those other bonds as well. Those bonds are also “merely” IOUs or pieces of paper. To respond to criticism by acknowledging that we will honor the trust funds’ bonds, while making other statements suggesting that the United States really can’t afford to do so, sends a message about Social Security but also one about our other debt. Treasury bondholders have to wonder whether the President and his Administration believe we can afford to honor the debts we owe them as well.

If investors begin to worry about the safety of Treasury bonds, we could see significant repercussions in our domestic and international financial markets and in the U.S. and global economy, including a significant rise in our interest rates. The situation could be particularly damaging if the international investors who have purchased 91 percent of U.S. debt the past four years decide to stop buying new Treasury bonds or to sell their existing holdings.

This is why we find comments such as those the President made on February 16 and on many other occasions – including his recent visit to West Virginia – so troubling. The resolution before us sought clarification of these remarks – clarification that could play a significant role in allaying any possible market concerns.

We have sought such clarification from the Administration this year with little success. The Ranking Member submitted a written question on this topic to the Treasury Secretary following his testimony at our February 8 hearing. The Ranking Member also wrote to the Secretary following the President’s April 5 visit to West Virginia. To date, the Treasury Secretary has not responded.

H. Res. 170 raises an important issue which the Administration has ignored. We have sought to obtain further information and clarification of the Administration's views through testimony and correspondence. The Administration has not responded. Therefore, we believe it is appropriate for this Committee and the Congress to explore other avenues to obtain an appropriate explanation of the President's comments, as well as similar comments from others in his Administration.

H. Res. 170 is necessarily limited, in that it addresses only one specific instance and phrasing of a view that the Administration has expressed in many forms. We would prefer that the Administration respond to the general concern, and to do so without Congress having to pass legislation. That could have a reassuring effect on financial markets and also facilitate a more accurate and honest debate about Social Security's finances. Committee adoption of the resolution would have been a valuable step towards that goal. Unfortunately, the majority has opted to effectively kill the resolution, permitting the Administration to continue to stonewall on this important matter.

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Jim McCrory Richard E. Neal

William R. Roth Rahm Emanuel

Frank Rosten John Lewis

Ben Cardin

Mr. Jefferson

Pete Stark

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