United States Senate

WASHINGTON, DC 20510

February 3, 2005

The Honorable George W. Bush
The White House
Washington, DC 20500

Dear Mr. President:

Mr. President, we are writing to you today as a unified caucus to express our concern about the country's fiscal position, and about how your plan for Social Security reform could exacerbate the situation rather than improving it.

As you may know, the per capita share of the U.S. publicly-held debt was just under $12,000 in 2001 – and on its way down. The fiscal picture has drastically changed since then as a result of the slowed economy, the terrorist attacks of September 11, and changes in tax policy. In fact, with no other changes in law, the per capita share of the national debt will grow to over $18,000 by 2015. Again, this is the baseline measurement, with no further increases in spending or changes in tax policy. That figure represents a 50 percent increase in the portion of the public debt owed by each American – a 180-degree shift from where we were just four years ago.

The picture grows far worse when the costs of other spending and tax proposals supported by your Administration are added to the mix. Including the costs of your Administration's defense buildup, the likely ongoing war costs in Iraq, and the cost of making the 2001 and 2003 tax cuts permanent brings the per capita figure to over $25,000 in 2015, an increase of *more than 100 percent* in the debt owed by each American since 2001. That places a huge burden on future generations.

This increase in debt is one major reason why our party is concerned over your plan to set aside a portion of Social Security's payroll taxes to finance private investment accounts. According to most estimates, setting aside 2 percentage points of the 12.4 percent Social Security payroll tax would require the government to borrow close to $2 trillion over the next 10 years in order to pay scheduled benefits to current and near-retirees. Adding this borrowing to the policy changes above would bring the per capita share of the debt to close to $30,000 by 2015, the end of the ten-year budget window. Including debt service costs and necessary reforms to the Alternative Minimum Tax will increase this number even further.

In our view, shifting financial obligations of this magnitude to future generations is immoral, unacceptable, and unsustainable. All of us are willing to work with your Administration on a plan for Social Security reform that will keep the system solvent for the long term. But we are concerned about the fiscal crisis facing the nation, and none of us would find it easy to support a Social Security plan that would increase each American's indebtedness to such a degree. These policies represent a "birth tax" on every child born in America this year, next year, and every year.

Mr. President, during the campaign you talked a great deal about moral issues, and about how you didn't think it was appropriate to push today's problems onto future generations. We agree with that sentiment, and we admire you for your willingness to address the long-term fiscal challenges in Social Security. We stand ready to work with you in a bipartisan way.

But we view taking on this level of debt as an important moral issue of concern to the American people. In the same way that it would be immoral from a generational standpoint for a grandparent to borrow from his grandson's college fund to buy a big-screen TV, we believe it is immoral to borrow another $2 trillion from future generations to finance Social Security reform. We are spending enough of our kids' money. Our country needs to get back to following the teachings of Romans 13:8, which says we should "let no debt remain outstanding."

Mr. President, when your Administration sends up a specific Social Security reform proposal for consideration by the Congress – whether or not the plan includes carve-out personal or private accounts – we urge you in the strongest possible terms to send up a plan that minimizes the need for additional federal borrowing. If you succeed in doing so, we stand ready to work with you.

Thank you for your consideration of our concerns.

Sincerely,

Frank R. Lautenberg

Chuck Schumer

Debbie Stabenow

Harry Reid

Dick Durbin

Bill Nelson

Max Baucus

Russell D. Feingold

Tom Harkin

Hillary Rodham Clinton

Tom Daschle

Dianne Feinstein

Barbara A. Mikulski

Patty Murray

Ernest F. Hollings

Blanche L. Lincoln

Mary L. Landrieu

Ron Wyden

Daniel K. Inouye

Carl Levin

John F. Kerry

Jon Corzine

Ken Salazar

Harry Reid

Jeff Sessions

Ben Nelson

Jay Rockefeller

Robert C. Byrd

Byron L. Dorgan

J. Lieberman

Barbara Boxer

Patrick Leahy

Jim Jeffords

Tim Johnson

Ted Kennedy

Herb Kohl

Paul Sarbanes

Mark Dayton

Joe Biden Jack Reed