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BUDGET -
Eric Sweeney

September 17, 1999

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
H-232 Capitol Building
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Thank you for your letter on behalf of the Republican Leadership. I appreciate this opportunity to respond to the matters you raised.

As you know, it was the President who initiated the national challenge to "Save Social Security First" in his 1998 State of the Union Address. While the President agrees that a "lockbox" is the most effective way to ensure that the Social Security surplus is not spent, he prefers a proposal free of loopholes such as those contained in some congressional proposals. The President's budget plan would extend the solvency of Social Security by dedicating the interest savings from debt reduction to the Social Security Trust Fund. The fact is that by itself your lockbox would fail to extend Medicare or Social Security solvency by a single day.

The President's lockbox is part of a responsible and balanced budget that puts first things first. It raises questions about the credibility of your lockbox when it is proposed at the same time that you are asking the American people to accept a tax cut that, with interest, would cost \$1 trillion over the next decade. If the tax cut were continued, it would explode to \$4 trillion just when the first baby boomers retire, Medicare becomes insolvent, and Social Security comes under strain. This exploding tax cut would inevitably drain hundreds of billions of dollars from your proposed "lockbox" at the just the time when the Nation can least afford it.

Today we have a historic opportunity to eliminate the debt by 2015, while strengthening Social Security and Medicare, investing in priorities like education, and providing targeted tax relief to help working families save for retirement. We have this opportunity because of the tough decisions made by President Clinton and Congress in 1993 and 1997. As a result, today the debt is \$1.7 trillion less than it was projected to be

when President Clinton assumed office. A strong and effective lockbox, combined with balanced and responsible policies, is the only credible way to build on our progress and pay down the debt. A "lockbox" proposal would not change the fact that the clear and predictable consequence of your exploding tax cut would be to leave America permanently in debt.

A central tenet of the President's approach is not only extending the life of the Social Security Trust Fund in the future, but protecting the Trust Fund today. The President's plan does both. By contrast, although professing a desire to protect the Social Security Trust Fund, some Republicans have even confessed to a conscious strategy to force the use of the Social Security surplus this year purely in order to gain partisan political advantage.

* [We can and should meet our obligations without spending from the Social Security Trust Fund. The President has proposed responsible offsets to prevent spending the Social Security surplus. For example, by increasing the price of tobacco, we can maintain our fiscal discipline while over time preventing millions of children from becoming smokers. Instead of adopting this proposal, you reportedly are considering a measure that effectively raises taxes on millions of working families by delaying their Earned Income Tax Credit. In addition, Congress is resorting to the use of budgetary gimmicks -- including the designation of the fully predictable and constitutionally-mandated census as "emergency" spending.

Your letter inquires specifically about funding for Kosovo. Just as we have protected the Social Security surplus in the President's FY 2000 budget, we will not put forth policies -- on Kosovo, or any other additional needs for 2000 -- which would result in spending the Social Security surplus.

The President has proposed a budget plan that would strengthen Social Security for the 21st century. We remain committed to reserving the entire Social Security surplus for debt reduction and Social Security and to working with you on a budget that accomplishes this goal while strengthening and modernizing Medicare.

Sincerely,

John Podesta
Chief of Staff to the President

United States Senate

OFFICE OF THE MAJORITY LEADER
WASHINGTON, DC 20510-7010

September 2, 1999

BUDGET-
Eric Gentry

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President,

Congressional Republicans have designed a "social security lockbox" to ensure that social security surpluses are used for only one purpose: social security reform. Until social security reform becomes law, those surpluses could be used neither to increase spending, nor to reduce other taxes. The practical effect of this would be that until social security reform becomes law, more than two-thirds of future budget surpluses would be used to pay down the national debt.

Over the August recess I have heard from hundreds of Americans about the importance of enacting a social security lockbox. The House passed lockbox legislation on May 26, by an overwhelming bipartisan 416-12 vote. On June 28, you publicly stated your support for the strongest possible social security lockbox. About six weeks ago, you told me at a White House meeting that you support the strongest possible social security lockbox. Senator Daschle, also present at that meeting, told us that Senate Democrats would need to offer two or three amendments to such a bill, but that they would also support enacting a strong lockbox.

And yet, Senate Democrats continue to filibuster our lockbox legislation which is even stronger than the House version. Five times they have unanimously blocked debate on the lockbox, most recently on July 16, after you publicly indicated your support for the lockbox. They continue to stall. I can only conclude that Senate Democrats disagree with their House colleagues, with you, and with House and Senate Republicans. They appear unalterably opposed to protecting the social security trust funds.

I have decided to schedule social security lockbox legislation in early September. So today I ask for your assistance. Based on your recent public and private statements, I call on you to persuade Senator Daschle and the Senate Democratic leadership to help me pass this important piece of legislation. Let's once again bring up the Senate lockbox and pass this bill. I urge you to contact Senator Daschle and his colleagues, and counsel them to end their filibuster so that we can quickly get this vital legislation to your desk for your signature. With best wishes, I am

Sincerely yours,



Trent Lott