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**Congress of the United States**  
**House of Representatives**

Washington, DC 20515-0922

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The Honorable Richard A. Gephardt  
Office of the Democratic Leader  
H-204 Capitol  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Dick:

Your pledge in recent floor statements and press reports-- that the Democratic party will "debate" Social Security's problems -- rather than solve them, is if nothing else, consistent. The distinction between your political maneuvering and constructive "debate" is not lost on the public.

The long-term financial challenges facing the nation's most important retirement system will be again confirmed tomorrow when for the 18<sup>th</sup> year in a row, the Board of Trustees of the Social Security Trust Funds will report the program's continued long-term deficit. These cash flow problems are a result of an aging population, and not, as your party has alleged, due to this Administration's economic and defense policies.

You know just as well as I do the Social Security trust funds have no dollars to "raid." Social Security continues to work just the way it always has, surplus payroll taxes are credited to the trust funds in interest bearing Treasury bills - that's the law. Every senior will continue to receive every penny of their Social Security check. It is legally impossible to spend the trust funds for anything other than paying Social Security checks and administering the program. Anybody who says otherwise is intentionally and irresponsibly misleading the public.

The emergence of Social Security surpluses, though, has not changed its basic financial forecast: soon after baby boomers start retiring, Social Security will take in less than it needs to pay benefits. Congress will be forced to either raise taxes or reduce benefits to make up the difference, unless we take innovative action now to secure Social Security.

Your strategy to not propose a Democratic leadership plan and instead use the issue as an election jackhammer against anyone promoting strengthening the program is jeopardizing needed efforts to secure Social Security's future. First, you attacked the President's bipartisan Commission because, like our Congressional auditors and the bipartisan trustees of Social

Security, it confirmed the pending and growing insolvency of the program. That was wrong, and the public didn't believe you.

Next, you likened the program to Enron's pension system, a particularly uninformed analogy. If there was ever a retirement system that had all its eggs in one basket and not enough eggs at that, it's Social Security, which won't have enough cash to pay benefits in 2016 and must then rely on an insufficient pile of federal government IOU's to pay benefits until it goes broke in 2038. As I mentioned above, our auditors and trustees, unlike Enron's, have fully informed us of the problem, whether you wish to believe the whistleblowers or not.

Finally, you are demanding a full debate on Social Security, even though you bring nothing to the table to debate. Rather than introducing a series of two-page bills, which purportedly represent the President's Commission's options for reform, you would be doing every American who pays into and relies upon Social Security a much bigger service if you instead worked to develop your own proposal upon which we can begin the bipartisan compromise that will save Social Security.

As you will recall, the House has already debated and passed the judgment you seek on Social Security reform. Last December, we voted (415-5) to pursue saving Social Security without cutting benefits, raising taxes or ignoring the special needs of women and minorities. You voted for that, as did I.

That means we have promised to **work** towards saving the system; not play diversionary political games. Since 1999, I have been putting proposals before Members and Presidents of both parties. My written offer to you of June 2001, in which I said I would convene the Subcommittee on Social Security to hear and consider your Democratic Leadership proposal stands, but we have not heard from you.

A fulsome debate has already begun in the Committee on Ways and Means, where Chairman Bill Thomas has initiated a hearing series on retirement security, which will include an examination of proposals to save Social Security. As a key Democratic leader, we urge you to come before the Committee and present *your plan* for saving Social Security. In the meantime, I hope you will examine my plan for strengthening Social Security- the "Social Security Guarantee Plus Act of 2001." I would welcome your feedback on points of agreement and a dialogue on points of disagreement.

America's seniors, workers, and their families are counting on us to provide leadership to strengthen Social Security, which means putting aside our differences and coming together to legislate for the next generation, not the next election. If we neglect this duty, it is our kids and grandkids that will pay the price of our shortsightedness.

Sincerely,

A handwritten signature in black ink, appearing to read "Clay", with a large, stylized flourish extending from the bottom right.

E. Clay Shaw, Jr.  
Chairman