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ENERGY AND WATER DEVELOPMENT  
INTERIOR

BUDGET

DEMOCRATIC POLICY COMMITTEE

March 17, 2003

Dear Colleague:

As we debate the Budget Resolution this week, I plan on offering three amendments intended to change our course away from permanent deficits, and I would appreciate bi-partisan support when they come up for a vote.

This year's budget proposal passed the Budget Committee with a stacked party-line vote, pleasing the President but using Social Security surpluses to pay for the tax cut, ignoring the cost of a war with Iraq, and digging a deficit hole all the way to China. We had a \$428 billion budget deficit last year; the President's own budget projects the deficit to be \$554 billion this year and \$569 billion next year. That added together is \$1.5 trillion in red ink in three years, and doesn't even include the cost of war. We can all agree we need to change the budget course we're on or we'll wreck this country and put our economy permanently in deficit, so the three amendments I am offering are:

1) No use of Social Security money to pay for tax cuts or any expenditure other than Social Security. Plain and simple, I want to stop the government from raiding Social Security. Every Senator in this body has promised not to touch Social Security; President Bush promised Congress in his first address to a Joint Session in February 2001 that all Social Security surplus money will be budgeted for Social Security and Social Security only; and Section 13301 of the Budget Act specifically precludes the President and the Congress from counting Social Security in the budget. Yet, it is still done. The deficit is much larger than the President and the Budget Committee would have you believe, because they include \$2.6 trillion from the Social Security trust fund. The purpose of this amendment is to honor the commitment all of us made to our constituents by ensuring no Social Security surpluses are used to pay for anything but Social Security.

2) No new tax cuts. Congress approved the President's \$1.7 trillion 10-year tax cut in 2001, and although it has failed to stimulate the economy the Budget Committee accepted his proposal for an additional \$1.9 trillion in tax cuts. That would be a total of \$3.6 trillion, none of which we can afford. I propose that Congress not approve any additional tax cuts. If the economy needs stimulus let's give it stimulus, but let's do it by

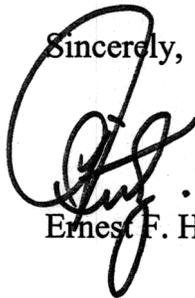
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investing in highways or homeland security, not by passing a tax reform bill that would exacerbate the debt for years to come.

3) Pay for the war with a 2% value added tax. We should all be ashamed to be Senators at this particular time if we send troops to Iraq but fail to figure out how to pay for this war; yet there is no discussion in the budget proposal about paying for a war. It was Abraham Lincoln, of the Republican party, who put a tax on dividends in order to pay for the Civil War, but now this President says the need of the hour is to take the tax off dividends. For every war since World War I American taxpayers have sacrificed to pay for them. While I believe it's important to stimulate the economy, it's more important to demonstrate our commitment to the troops. Every penny raised by my amendment would go to pay for the military conflict in Iraq.

Last week, March Madness began early on the Senate Budget Committee, and it left the budget process a pure sham. I hope you will join my effort in changing the course and taking responsibility for the budget. If you have any questions, please contact Barry Strumpf in my office (224-0550).

Sincerely,



Ernest F. Hollings

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