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

November 20, 2008

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The Honorable Barack Obama  
Office of the President-elect  
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Dear President-elect Obama:

As you prepare to take the oath of office as the 44th president of the United States, I want to congratulate you on your historic election, which has reminded the nation that America is indeed a land of boundless opportunity.

I write today because you face enormous challenges of change in building an administration in a time of economic turmoil and financial crisis for the American people. As syndicated columnist Robert Samuelson recently wrote, "The great project of the next president is to improve the economy's stability without subverting its vitality."

Recent congressional action aimed at shoring up the nation's financial system and restoring the flow of credit to help folks keep their homes or small businesses, get student loans or car loans, and protect the value in their retirement accounts I believe addresses only a symptom of a far greater financial crisis on the horizon. I voted for the financial rescue plan because I believed that immediate action was critical to restore confidence and stability in the nation's financial system. I remain deeply concerned, however, not only by the debt burden nearing \$11 trillion, but also by the mounting deficit spending, predicted to reach \$1 trillion this fiscal year alone.

You are inheriting not only a short-term deficit and debt problem, but a looming long-term crisis former Comptroller General David Walker has characterized as "a financial tsunami that could swamp our ship of state." Mr. Walker, of course, is referring to the current \$53 trillion in unfunded obligations promised through Medicare, Social Security, and other entitlement programs which have skyrocketed from about one-third of the federal budget in 1965 to nearly two-thirds today. As if that amount were not difficult enough to comprehend, it is expected that when the new total is released in mid-December, it is likely to be over \$56 trillion. That means in just a year, spurred by soaring health care costs and retiring baby boomers, our nation's unfunded commitments have jumped another \$3 trillion. It's noteworthy that the obligation of Medicare alone is 50 times the \$700 billion rescue bill.

I believe both short- and long-term budget shortfalls must be addressed simultaneously. Yet I fear this daunting task is only part of the immense challenges of change our nation faces. I

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also continue to be alarmed that America is losing its competitive edge in the world economy. Once bustling U.S. cities and towns that were home to industrial and manufacturing bases are shuttered and crumbling.

On a drive across the old cast iron bridge linking downtown Trenton, New Jersey, with Morrisville, Pennsylvania, you will read the outdated slogan etched in rusted letters, "Trenton Makes, the World Takes." There was a time when Trenton made the steel used for the world's longest suspension bridges, its cars, and farm tools. But Trenton, like so many other U.S. centers of domestic manufacturing, today is a shell of its past. The slogan today could be, "The World Makes and America Takes."

And it's not only America's competitive edge that is dulling. The United States has always been the world's innovation leader, but we graduate half the number of physicists that we did in 1956 – before Sputnik spurred America's last "great awakening" in science and engineering. I worry that the National Science Foundation reported that in 2004 China and India graduated 950,000 engineers compared to a meager 70,000 in the United States, and one-third to a half of those we graduate with science and engineering degrees are foreign students, and most will return to their home countries rather than applying their skills in the U.S. I worry that U.S. patents are down. I worry that our companies are spending more on tort litigation than on research and development.

How will we remain competitive, how will we rebuild our manufacturing base, how will our children compete in the global marketplace with the tsunami of mandatory spending obligations coming closer to our shores and the national debt racing past \$10 trillion? As the rate of mandatory spending grows, discretionary spending used to meet the needs and challenges of future generations shrinks. What will we tell our children when we can't afford to pay for a first-class education? Where will we find the money to rebuild the nation's infrastructure and transportation systems? What hope do we provide for American families touched by health care concerns and battling devastating diseases when we don't have funds for medical research to find cures for cancer, Parkinson's, Alzheimer's, and autism? Not only is this unacceptable, I believe it raises serious moral questions. Is it right for one generation to live very well knowing that its debts are being passed on to its children and grandchildren?

Routinely increasing the amount of money the government can borrow without taking any action to stem the country's growing debt has been standard operating procedure in Congress. But the storm warning signs have been posted. Standard and Poor's Investment Service has projected that the U.S. could lose its triple-A bond rating as early as 2012, while Moody's delays its projection to 2018. It's hard to believe that the United States of America could be such a poor investment risk that it is poised to lose its gold standard rating.

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As our nation's financial outlook erodes, we also are mortgaging the economic opportunity of future generations to countries like China and Saudi Arabia, two of the largest holders of U.S. debt. You may have seen *The Washington Post* report earlier this week that China now owns nearly \$1 out of every \$10 in U.S. public debt. Are we willing to allow China – a country that persecutes its own people because of their faith – or Saudi Arabia – which breeds the kind of radical ideology that led to the terrorist attacks on our country – to own what generations of Americans have worked so hard to build for their children and grandchildren? This is the same China linked to cybersecurity attacks on the computer systems in congressional offices and committees, in federal agencies and even at the White House.

How do we respond to these challenges of change? Where do we start? I bring to your attention one plan already in place. It has attracted the support of 111 bipartisan members of the House of Representatives and newspapers and think tanks across the political spectrum. I believe it is an idea upon which you can build with bold, courageous and bipartisan leadership.

Democrat Rep. Jim Cooper of Tennessee and I have teamed to offer legislation to create a national bipartisan commission to review the totality of our nation's financial future – entitlement spending, other federal spending and tax policy. This proposal differs significantly from other blue ribbon-type panels, however, because it has teeth and mandates action, similar to the base closing commission. After spending several months holding town hall meetings across the country, gathering comments and explaining the depths of America's current unsustainable financial problems, the commission will report back to Congress. The legislation requires Congress to vote up or down on the commission's recommended plan of action. The proposal is called the SAFE Commission – Securing America's Future Economy – and a companion effort has gained traction in the Senate.

While we have been encouraged with the support generated by the SAFE proposal, I have been disappointed that Congress continues to languish in the political divide while the financial tsunami edges closer. In 1968 songwriter Paul Simon wrote "The Boxer." You may recall its refrain: "Man hears what he wants to hear and disregards the rest." That could describe Congress's reaction, or lack thereof, to the financial crisis staring America square in the face. The American people deserve to know the truth, not just what we think they want to hear.

Your former colleague Senate Budget Chairman Kent Conrad, sponsor of the SAFE Commission idea in the Senate, said that he supported your candidacy because you are "somebody that reaches out to bring people together to get results," noting that "nobody is more responsible for that than the president of the United States. It starts at the top."

America is facing extraordinary challenges that call for extraordinary action. I worry about the future for my five children and 13 grandchildren and your two young children if we do not act now to make certain that America continues to be a land of boundless opportunity. I

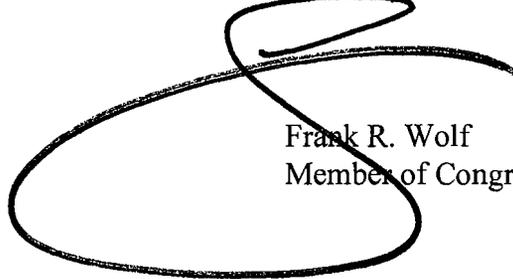
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believe the SAFE concept can provide the outline of a plan that you as president could embrace in the 111th Congress which convenes in January. Enactment of the legislation setting up the commission during the first session next year would ensure a vote on the commission's recommendations during the second session in 2010. Your active support of the SAFE Commission effort in Congress would signal the critical immediacy of attacking this problem head on in the only way I believe it will be solved – by working together in a bipartisan way.

America is yearning for bipartisanship. With your leadership in reaching across the aisle of Congress to bring people together, I believe we can start down the path that will lead to a renaissance in America and ensure that the essential goodness of the United States endures.

I would be pleased to speak with you about the SAFE Commission plan, and I wish you Godspeed as you begin your presidency.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to be 'Frank R. Wolf'.

Frank R. Wolf  
Member of Congress

FRW:jp

Best Wishes