

Legacy of failure

by the St. Louis Post-Dispatch

The two best things about the \$3.1 trillion budget proposal President George W. Bush submitted to Congress on Monday are (a) it's Bush's last budget proposal, and (b) most of its worst recommendations will be utterly ignored.

The worst thing about Bush's last budget proposal is that it underscores the devastation his policies have wrought on the U.S. economy for the past seven years.

When Bush took office, the United States was running a \$236 billion budget surplus. Projections showed those surpluses running into infinity, raising the prospect that we could pay down the national debt in time to shore up Social Security as the baby boom generation retired. It took a single year for Bush to sink that possibility.

Part of this, in fairness, was beyond Bush's control. The terrorist attacks of 9/11 required not only a military response against terrorists in Afghanistan but also increased domestic spending, including money to rescue the airline industry and funds to create and operate a new cabinet level Department of Homeland Security. But the larger and more easily avoided factor of the fiscal 2001 disaster was Bush's 10-year, \$1.35 trillion tax cuts.

Add those tax cuts to his errant decision to wage war on Iraq, and throw in the government's failure to control irresponsible speculation in the credit markets when it could have - creating a possible recession and the need for an economic stimulus package of at least \$150 billion - that leaves a federal budget that exceeds \$3 trillion for the first time, including projected military spending of more than half a trillion dollars, and a projected deficit of \$407 billion for 2009.

Bush has governed as a walking oxymoron: a big-spending, big-government, tax-cutting conservative. Through tax cuts, improvident spending and a mistaken war, he turned a massive surplus into an even more massive deficit. Over the course of seven years, the national debt grew by an astounding 61 percent to \$9.238 trillion, a figure that includes debt owed to the public and outstanding loans borrowed from the Social Security system. That's \$30,500 for every American, man, woman and child.

Bush and Congress also failed to work out a deal to slow down the growth in federal entitlement programs, chiefly Medicare and Social Security. Entitlement spending now accounts for 50 percent of every tax dollar, and that figure will grow.

Bush's financial legacy will haunt his successor, whoever that turns out to be. Money that could have been used to provide universal health care, better education and better roads was wasted in Iraq. The total cost of

that war alone could reach \$1 trillion by next year.

Billions that never should have been spent at all (if you're a conservative) or used to improve life in America (if you're a liberal) will be spent instead on interest payments on the national debt. Truly, Bush is an equal opportunity budget offender.

To make things ever so much worse, foreigners now are the buyers of most of the new Treasury bonds issued to finance the debt, with the government of the People's Republic of China among the largest purchasers. In effect, American tax dollars now are helping fund our greatest potential economic and military rival.

The president could have used his last budget document to start cleaning up the mess he made, but he chose, instead, to ask that his 2001 tax cuts be extended two years past their scheduled 2011 expiration date, at a cost of at least another \$635 billion. The Urban Institute-Brookings Institution Tax Policy Center said Monday that the cost of extending the tax cuts would be closer to \$1.1 trillion, with a bit more than half of the benefits flowing to people earning at least \$1 million a year.

Bush's final budget tries to polish his tarnished conservative credentials by proposing to cut \$14.2 billion from the growth in programs that pay for federal health care programs, including those for veterans and elderly Medicare patients. He also wants to cut programs that train badly needed medical specialists to treat sick children.

He wants to saddle state governments with more of the burden of paying for medical care for the uninsured. Yet with the economy slowing and the real risk of recession, more people will lose their jobs and their incomes and find themselves needing care through Medicaid. Now is exactly the wrong time to cut federal funding for that program.

And for veterans who have sacrificed in America's wars, including those in Afghanistan and Iraq, Bush has a gift: They would have to come up with \$2.1 billion to cover increases in co-pays for their health care.

On the other hand, Bush's proposed budget takes good care of large pharmaceutical and insurance companies. Health maintenance organizations for elderly Medicare patients would keep getting overpayments averaging 12 percent for each person they cover. The total tab for that subsidy to supposedly market-competitive businesses is at least \$65 billion over the next five years and \$160 billion over the coming decade.

The president's proposal would shift some of the risks and costs of caring for the poor from employers and

the federal government onto states, individuals and even religious charities. He calls for spending \$75 million to help faith-based groups "provide social services for poor and low-income individuals and families." Those entities are a fine and noble source of supplemental services, but government funds and oversees basic programs more efficiently and effectively.

Among the other programs that the president targets for cuts are grants for career training and technical jobs, crucial to an economy that is losing manufacturing jobs to other countries. He wants to trim public housing revitalization grants and community development grants, programs that have made a significant difference in St. Louis and other cities.

With the president the lamest of ducks and Democrats in control of Congress, the appropriations bills that emerge later this year probably will not bear much resemblance to the president's proposals. Indeed, it is entirely possible that Congress won't get around to passing a 2009 budget until long after the fiscal year begins Oct. 1. It might not happen until after it becomes clear who the next president will be.

And whoever he or she is, that president will inherit a mess, and may be consoled only by the fact that he or she hardly could do worse than George W. Bush.

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