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POLITICS AND POLICY

Bush Budget Pledge Falls Flat

**Creative Accounting
Makes Spending Record
Seem More Favorable**

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WASHINGTON -- In his State of the Union speech this week, President Bush pledged to "limit the burden of government" on taxpayers by holding spending increases to less than 4% in next year's budget.

Though Mr. Bush talks a stingy game, he has had trouble delivering on such promises.

While scoring big victories on his tax-cut proposals, he has allowed congressional allies and interest groups to blunt his pledges to slash spending, even on programs his advisers regard as wasteful or ineffective, such as adult and vocational education.

He also has put forth several big-ticket items of his own, while wartime spending has pushed annual budget deficits toward the half-trillion-dollar mark.

So the White House has been turning to some convenient accounting to make its spending record look more favorable.

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A year ago, for instance, Mr. Bush promised essentially the same tight 4% lid on spending for fiscal 2004, which began Oct. 1. Technically, he has delivered on that pledge -- even while approving a huge run-up in spending, including the massive \$87 billion appropriation Mr. Bush won to pay for Iraq war and homeland security costs.



How? After that budget was unveiled in February 2003, but before it kicked in nearly eight months later, spending increased rapidly through supplemental increases, inflating the size of the 2003 budget. That made the already big increases in 2004 seem smaller by

comparison.

Indeed, annual appropriations -- i.e., everything except interest and benefits such as Social Security and Medicare -- increased a whopping 15% in fiscal 2003, which ended Sept. 30. That raised the budget more than \$100 billion, to about \$848 billion -- the largest single-year increase in at least three decades.

During Mr. Bush's first three years in office, in fact, annual appropriations will have risen about 32%, to about \$874 billion from about \$664 billion, if the omnibus spending bill currently before Congress becomes law.

That soaring growth has been seized on as an issue by some Democratic presidential candidates and is making Mr. Bush's conservative base uneasy. Tuesday, before the president delivered his annual address to Congress, the Heritage Foundation, a conservative think tank, sponsored a Capitol Hill conference pointedly called "The Spree of the Union -- Bush, Congress And Your Money."

Last week, the chairman of the House Budget Committee, Rep. Jim Nussle (R., Iowa), warned administration officials that he is concerned Mr. Bush's upcoming budget, to be unveiled Feb. 2, will be larded with so much spending it could prove difficult to pass. Mr. Nussle said Wednesday he remains "very apprehensive about what we're about to see" in the administration's budget after Mr. Bush's speech.

Like their Democratic counterparts who used to dominate Congress, Republicans have discovered the irresistible attraction of federal spending, says Rep. Charlie Stenholm (D., Texas), co-chairman of a group of fiscally conservative Democrats known as the Blue Dogs.

But unlike the Democrats of the past, Republicans accompany their spending with big tax cuts, Mr. Stenholm says. "Tax-and-spend helped elect a lot" of Democrats, says Mr. Stenholm, a 25-year House veteran. "Now borrow-and-spend is helping a lot of folks get elected."

A spokesman for the White House Office of Management and Budget, Chad Kolton, insists Mr. Bush has done far better than President Clinton did at holding down government spending -- when the picture is adjusted for the war.

Outside of defense and homeland security, Mr. Bush proposed a spending increase of just 3.8% for 2004, and has largely succeeded in holding Congress to that, analysts say. "Overall growth in spending under this president has continued to fall," Mr. Kolton says.

At the same time, Mr. Bush is working to keep lawmakers from making the huge war-related run-ups a permanent fixture of the Pentagon's budget, an OMB official adds.

Still, Mr. Bush appeared more determined early on to take a serious run at reducing federal spending, which had ballooned in the Clinton administration's final years.

In his first budget, for fiscal 2002, Mr. Bush proposed outright cuts for 10 of 27 executive-branch agencies, and elimination of at least \$8 billion in pork-barrel spending that individual members of Congress pushed for their districts. He also said he hoped to overhaul the military to eliminate billions of waste.

Yet the White House largely failed in those efforts. Almost all of those executive agencies wound up with increases, while defense-modernization plans were largely forgotten in the wake of the Sept. 11, 2001, terrorist attack in the U.S. Pork-barrel projects for congressmen have surged.

Meanwhile, Congress passed the president's big Medicare prescription-drug law, which carries a price tag of \$400 billion over 10 years, as well as a costly farm-subsidy bill. The White House failed to cut highway funding and was only partially successful at restraining demands for double dipping into federal funds by veterans who want to claim both disability and retirement payments.

For all his stern lectures to Congress about spending, moreover, Mr. Bush has yet to veto any bills. While his budget office has invested hundreds of hours in identifying poorly performing programs, he has proposed few outright eliminations.

With a presidential campaign looming, the pressure of all the increased spending is beginning to show. In his State of the Union speech, Mr. Bush used lots of words to talk up modest programs, such as the \$300 million being spread over four years to aid people freed from prison, and the \$250 million earmarked for job training at the nation's 1,200 community colleges.

While Mr. Bush says he can cut the annual deficit in half within five years, he also has proposed at least \$350 billion in new spending and tax cuts over that period, including adding more than \$100 billion to the defense and homeland-security budgets and extending \$150 billion of his existing tax cuts. He also called for a new tax credit for health insurance for low-income people, and expanded tax deductions for charitable giving, among other initiatives.

Promising to slow spending growth and cut the deficit in half within five years "gives [the White House] tremendous wiggle room," says Mr. Stenholm, the Blue Dog co-chairman. "It lets all of us promise everything to everyone and get through one more election."

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