

Bush's \$3 trillion budget

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President Bush is sending Congress a \$3 trillion spending blueprint that would provide a big boost to defense and protect his signature tax cuts.

It seeks sizable savings in government health care programs and puts the squeeze on much of the rest of government, but it would still generate near-record budget deficits over the next two years.

Even before receiving the document Monday, Democrats were attacking it for slashing programs to help the poor while protecting tax cuts for the wealthy.

"This is a budget that sticks it to the middle class, comforts the wealthy and has a set of priorities that are not the priorities of the American people," said Senate Budget Committee Chairman Kent Conrad, D-N.D.

Democrats saw the plan as a continuation of failed policies that have seen the national debt explode under Bush. A projected 10-year surplus of \$5.6 trillion when Bush took office was wiped out by the 2001 recession, the increased spending to fight terrorism and, Democrats contend, Bush's costly tax cuts.

Bush's spending blueprint sets the stage for what will probably be epic battles in the president's last year in office, as both parties seek to gain advantages with voters heading into the November elections.

Bush, who was the first president to propose a \$2 trillion budget, back in 2002, will leave office as the first president to hit \$3 trillion with a spending plan.

His blueprint for the budget year that begins next October projects huge deficits, around \$400 billion for this year and next, more than double the 2007 deficit of \$163 billion. Private economists believe the deficit could easily surpass the previous record in dollar terms of \$413 billion set in 2004, especially if the country does go into a recession.

The sharp jump in the deficits reflects, in part, a proposed economic stimulus plan of around \$145 billion. Bush is urging Congress to pass it quickly as a way of getting tax rebates to households this summer in hopes of preventing a full-blown recession.

As in past years, Bush's biggest proposed increases are in national security. Defense spending is projected to rise by about 7 percent, to \$515 billion, and homeland security money by almost 11 percent, with a big gain for border security. Details on the budget were obtained through interviews with administration officials, who spoke on condition of anonymity until the budget's release.

The bulk of government programs for which Congress sets annual spending levels would remain essentially frozen at current levels. The president does shower extra money on some favored programs in education and to bolster inspections of imported food, following last year's high-profile recalls of tainted products coming from China.

Bush's spending proposal would achieve sizable savings by slowing the growth in the major health programs — Medicare for retirees and Medicaid for the poor. There the president will be asking for almost \$200 billion in cuts over five years, about three times the savings he proposed last year. The savings would come from freezing payments for hospitals and other health care providers.

Congress rejected last year's effort and Democrats are predicting Bush's new proposal will meet the same fate.

Social Security, Medicare, Medicaid and other so-called entitlement programs — where the government is obligated to pay benefits to all who are eligible — now account for half of the total budget, with the costs expected to continue rising rapidly in coming years as 78 million baby boomers reach retirement.

Bush had hoped to make overhaul of Social Security a top goal of his second term but his plan to introduce individual investment accounts went nowhere.

Bush's five-year blueprint makes his first-term tax cuts permanent while still claiming to get the budget into balance by 2012, three years after he leaves office. While Republicans are pledging to protect the tax cuts, Democrats, including the party's presidential candidates, want to roll back the tax relief provided the wealthy.

Democrats say Bush's budget is built on flawed math. Beyond 2009, the budget plan does not include any money to keep the alternative minimum tax, which was aimed at the wealthy, from ensnaring millions of middle-income people. It also includes only \$70 billion to fight the wars in Iraq and Afghanistan in 2009, just a fraction of the \$200 billion those wars are expected to cost this year.

Bush proposes boosting spending to hire more diplomats at the State Department and in some areas of education such as Title I grants, the main source of federal support for poor students.

But at the same time, Bush seeks to eliminate 47 other education programs that are seen as unnecessary, part of 151 programs Bush is targeting to either eliminate or sharply scale back. A similar effort last year met with little success.

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