

Spending Spree

The \$400 billion Medicare benefit is the latest in a string of big Congressional outlays

By **JOHN F. DICKERSON**

WHEN CONGRESS VOTED TO COVER PRESCRIPTION-drug costs for Medicare beneficiaries, President Bush got a chance to boast of his Trumanesque buck-stopping as the nation's top executive. "We have a responsibility in Washington to solve problems and not pass them on," he said. As the largest expansion of the program since its inception in 1965, the \$400 billion plan was a big solution indeed. But for a band of deficit hawks and rainy-day worriers in Washington, it was a horror—the latest evidence that in the past five years they have become voices in the wilderness. How to keep the federal budget in check—an issue that was once central to both Democratic and Republican politics—has been shunted aside, leaving fiscal conservatives fretting over how to make their case as the deficit grows to \$500 billion and those in charge seem inclined only to add to it.

In addition to the new burden for Medicare, discretionary spending has increased 27% in the past two years. Much of that has gone to fighting the war on terrorism, but funds have also been spent on new benefits for veterans, subsidies for farmers and aid to low-performing schools and needy students. Pork-barrel spending is also on the rise. In the past two years, it has gone up 48%, according to one watchdog group, and politicians of both parties are quietly delighted that the public no longer seems to care. But economists are concerned that with each new trip to the trough, lawmakers are accelerating the arrival of a fiscal disaster.

In the race to provide 40 million seniors with the popular drug benefit, the voices of fiscal restraint were quashed. And what about that 27% increase in discretionary spending in the past two years?

Not all of it has gone to support the wars in Afghanistan and Iraq, although it was the \$87 billion additional cost of those ventures that gave voters momentary sticker shock earlier this year. A \$183 billion farm bill propped up corn and peanut growers whom Congress had once promised to wean off the federal dollar.

President Bush has already passed tax cuts that will cost \$1.7 trillion over 10 years, and that means there's less money coming into federal coffers in the short term. That has contributed to a debt that this year reached \$6.9 trillion.

Bush's tax cuts have been such nectar to conservatives that there's little danger of a broad fiscal revolt from his base. Furthermore, embracing the prescription-drug entitlement helps build the kind of governing majority that Bush's political brain Karl Rove has long dreamed of. When they were a minority party, Republicans could preach fiscal discipline. Now that they control Congress, the White House and more than half of the state houses, they have to show that they are listening—specifically on issues like health care and education, which were once considered territory only Democrats cared about. So if a little money needs to be spent along the way to expand their base, the White House seems happy to open the store. ■

Questions

1. By what percent has discretionary spending by the federal government increased since 2001?
2. Why does Karl Rove believe the Medicare bill was a boon to the President?

A BENEFIT WITH MANY COSTS

The average senior citizen will have \$3,160 in total annual drug expenses by 2006, according to the Kaiser Family Foundation. Meanwhile, the planned Medicare prescription benefit provides no coverage on amounts from \$2,250 to \$5,100, when catastrophic coverage* kicks in. Here's how a person with \$5,100 a year in drug costs could end up paying more than 70% of the bill:

