

Congressional Closeup by Carl Osgood

Budget Outlook: Deficits As Far as the Eye Can See

On Jan. 26, the Congressional Budget Office released its outlook for Fiscal Year 2007, which projects a future that does not exist, as Democrats were quick to point out. Acting Congressional Budget Office (CBO) director Donald Marron admitted as much when he told reporters, "We are not actually in the business of making forecasts. We are in the business of making projections based on certain assumptions, and among those key assumptions are that existing policies stay in place." One of those existing policies is that the tax cuts passed in 2001, 2002, and 2003, which are set to expire by 2011, actually are allowed to expire, something which President Bush and Congressional Republicans are not about to let happen. As a result of just this one assumption, the CBO projects a budget surplus in 2012 of \$38 billion, and \$67 billion in 2016.

Rep. John Spratt (D-S.C.), the ranking Democrat on the House Budget Committee, and Sen. Kent Conrad (D-N.D.), Spratt's counterpart in the Senate, wasted no time tearing apart that projection. Spratt noted that if the tax cuts are indeed extended as President Bush is demanding, then the \$67 billion surplus in 2016 turns into a \$584 billion deficit. A reform of the alternative minimum tax, such that it would only affect those who are affected by it, today, would cost another \$864 billion in revenues over the next ten years. None of that figures in the continuing costs of the wars in Iraq and Afghanistan, which Spratt and Conrad calculate could be another \$387 billion. Overall, they estimate that the Bush Administration's policies will incur \$3.9 trillion in deficits over the next ten years.

However, these numbers may be optimistic, given the CBO's economic

projections. The CBO report expects annual growth in GDP of 3.6% in 2006, 3.4% in 2007, an average of 3.1% between 2008 and 2011, and 2.6% from 2012 to 2016. The report claims that while the housing market is expected to cool, "firms' continued need to expand productive capacity" along with certain other factors will continue to drive economic growth. This, of course, flies in the face of the plans of the automotive industry to reduce its production capacity by approximately one-third, which will cut more than 100,000 jobs.

Military in Danger of Being Broken, say Dems

A task force led by former Secretary of Defense William Perry and former Secretary of State Madeleine Albright, issued a report on Jan. 25, warning that the U.S. military is so overstretched that it risks being broken. Sen. Jack Reed (D-R.I.), who appeared at a press conference along with Perry and Albright, said that "the leading indicator of this crisis is a crisis in recruiting soldiers." He noted that while retention is strong, the Army missed its recruiting goals for 2005. The Bush Administration is proposing to reduce authorized manning for both the Army Reserve and the Army National Guard. "When you have oversized missions, undersizing the force doesn't make any sense," Reed said. "I think it's a tacit admission by the Army, at least, that they cannot fill all the slots they need."

Perry warned that this strain will have "highly corrosive and long term effects on the military," if not relieved. He noted that every active-duty combat brigade in the Army has been used in Iraq or Afghanistan at least once, many twice or even three times, and

all active-duty Marines are on a tight rotation of six to seven months in Iraq and seven to ten months at home. The strain is even greater on the National Guard, 95% of which has been mobilized since 9/11. On top of the strain on people is the wear and tear on equipment, which Perry said will cost \$50 billion to repair or replace.

Democrats Keep Spotlight On Medicare Drug Fiasco

On Jan. 30, Representatives John Dingell (D-Mich.), Fortney "Pete" Stark (D-Calif.), and Henry Waxman (D-Calif.) announced the introduction of legislation to guarantee that senior citizens, particularly those eligible for both Medicaid and Medicare, are able to get the prescription drugs they need, regardless of whether their plans cover those drugs. "It is clear," Dingell said, that when the 2003 Medicare drug bill was drafted, "beneficiaries' needs were given a back seat to the needs of private insurance companies and drug companies. Indeed, it was written behind closed doors with the assistance only of drug companies and insurance companies."

Stark went even further, accusing the Republicans of intending to make Medicare dysfunctional in order to pave the way for privatization. "Our efforts to make constructive corrections to a bill will be repulsed because that's not what the Republicans want," he said. "They want the government plan to fail and to see it replaced, at best, by a voucher." Waxman added that the Congress needs to look at the corruption behind the process by which the bill was passed. "I believe the corruption of the process heavily influenced the outcome of Medicare legislation," he said, "and American seniors and taxpayers are bearing the burden of this result."