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HEADLINE: Budget deficits hit historic levels, but barely register as political issue

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Federal **deficits are soaring** to unprecedented heights, yet they are drawing scant public attention and showing little sign of becoming an issue in next year's presidential and congressional elections.

That is in contrast with 1992, when colossal budget gaps mixed with a recession and helped fuel the presidential bids of Democratic primary candidate Paul Tsongas, independent Ross Perot and the victor, Bill Clinton.

Though this year's annual shortfall could exceed \$400 billion, shattering the previous record, the public is more worried about widespread job losses and the threat of terrorism.

The red ink's tangible impact on voters has been cushioned by low interest rates and a U.S. economy vastly larger than it was in 1992. And an anti-Washington feeling, which 11 years ago was rampant and symbolized by the deficit, has faded.

Furthermore, while analysts agree the budget's long-term prospects must be addressed, many say today's shortfall is keeping the economy from getting even worse by pumping hundreds of billions of federal dollars into it. That complicates the always complex task of crafting a clear, effective political message about the deficit.

"Deficits become politically important as an issue when voters feel there are consequences to be paid," said Democratic consultant Geoffrey Garin. "We probably haven't reached that point."

Following four years of surpluses under Clinton, President Bush blames the abrupt return of red ink on recession, the fight against terrorism and congressional spending. Democrats jockeying to replace Bush and those in Congress blame GOP tax cuts.

Yet neither side is doing or even proposing much to remedy the situation.

Bush signed his latest tax cut on Wednesday - a bill costing \$350 billion through 2013 that Republicans say will rally the economy and generate more federal revenue. Democratic presidential hopefuls have rolled out competing health care plans financed by canceling parts or all of past Bush tax reductions, with the biggest by Rep. Dick Gephardt, D-Mo., costing \$200 billion a year.

And both parties are pushing for a major Medicare expansion and big increases for defense, domestic security, AIDS efforts abroad and education.

"I don't see anybody who wants to fight deficits for the sake of fighting deficits, who has a passion for fiscal responsibility," said Robert Bixby, executive director of the bipartisan Concord Coalition, which advocates balancing the budget. "Most politicians want to promise something, and promising something costs money."

The deficit has some political clout, as exemplified by moderate GOP senators who forced Bush to settle for half the \$726 billion in tax cuts he wanted. Democrats bring up the deficit, but mainly to underline how, they say, Bush has mismanaged the economy and budget.

"It's my pet issue," said former Vermont Gov. Howard Dean, a Democratic presidential hopeful, who said in a recent interview that he relates the deficit to the jobs that have vanished under Bush.

The president mentions it too, but largely to foist the blame on the economy, terrorism and Capitol Hill.

"A Congress which overspends is one which is not that concerned about the deficit, evidently," he said this month in Little Rock, Ark.

There is little evidence of public concern, either.

Most recent polls asking people to select their chief concerns from a menu of issues haven't even listed the deficit as a choice. In one that did, conducted in April by the nonpartisan Pew Research Center, the deficit ranked 10th, chosen by 2 percent of the respondents.

"You can only sell people things they half believe anyway," said Grover Norquist, a conservative activist. His message for Democrats: "It's a lousy strategy, and they're welcome to it."

The government may spend \$400 billion more this year than it takes in, dwarfing the previous record, the \$290 billion deficit of 1990. Republicans say this year's red ink is less serious because it is far smaller relative to the U.S. economy than several shortfalls of the 1980s and early 1990s were.

To accommodate the imbalances, Bush signed a bill Tuesday adding nearly \$1 trillion to the federal borrowing limit - a record boost exceeding the total debt the government had accumulated in its history through 1980. Yet the resulting \$7.38 trillion debt cap will probably suffice only until sometime next year.

Still, fiscal analysts are more concerned about long-term problems.

The nonpartisan Congressional Budget Office calculated in March that under Bush's budget plans, deficits would get no lower than \$102 billion over the next decade. And that excluded the \$80 billion war spending bill passed in April, the new tax cut and any future tax reductions or spending increases.

Yet now is when analysts say the government should be buttressing Social Security and Medicare for the baby boom generation, whose 75 million members begin retiring later this decade.

"It's kind of a ticking time bomb the political leaders are inclined to ignore," said David

Greenlaw, senior economist for Morgan Stanley & Co.

EDITOR'S NOTE - Alan Fram has reported on Congress and the federal budget for The Associated Press since 1987.

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