

Washington

\$1 trillion added to federal surplus projection

Dramatic hike affects debate in campaign

By William M. Welch
USA TODAY

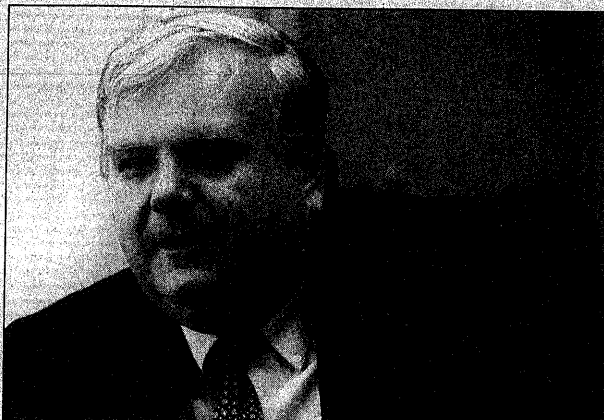
WASHINGTON — Congressional and White House analysts are preparing budget projections that will add as much as \$1 trillion to the surpluses that the federal government is expected to accumulate over the next decade.

The staggering increase in official forecasts is based on the expectation that the nation's strong economy will stay healthy despite recent increases in interest rates that could cool its growth. A healthy economy would mean continued growth in tax revenue, which would fuel surpluses.

The size of the expected new surplus estimate is so large it has the potential to alter dramatically the course of debate in this year's presidential election campaign.

The added money could allow the government to pay off the national debt on a faster timetable than either party has thus proposed, but it also could give presidential candidates and the two major parties added ammunition for their proposals to: shore up the Social Security system with an unprecedented infusion of general tax money; cut individual income taxes; and finance health benefits for senior citizens burdened with high drug costs.

Both major party presidential candidates are anticipating the revised budget picture. Vice President Gore, the presumed Democratic nominee, spent this week trying to



By Diane Weiss, USA TODAY

Lindsey: Economic adviser says new numbers support Republican George W. Bush's proposed tax cuts, which Democrat Al Gore has criticized as being unaffordable.

focus voter attention on the strong economy and his claim that he deserves some of the credit for it. He also doubled the size of his plan for targeted tax cuts to \$500 billion over 10 years, which is an implicit recognition of the growing availability of excess federal dollars. Gore has said he will propose creating trust funds for education, the environment and health care. "It is a brand new debate that our country has never had before on the surpluses," Gore said in an interview. "This is new territory. It's a new budget universe, and so it is time for a decision to face the big choices that we have to make."

For Gov. George W. Bush, the presumed

Republican nominee, the new numbers strengthen his argument that the nation can afford far larger tax cuts than Gore has offered, and undercut Gore's criticism that Bush's plan is unaffordable and risky. Bush's proposed tax cuts would total \$1.3 trillion over 10 years. "It always fit within the budget restraints, and now there's \$1 trillion more," says Lawrence Lindsey, Bush's chief economic adviser and a former Federal Reserve governor. "Gov. Bush always felt it was the right thing to do, and he is sticking to it."

More immediately, the forecasts will add to the money that members of Congress will divide when they start debating next

year's budget. That will reduce pressure for spending cuts in some areas and lower chances for another annual budget showdown this fall between the Republican majorities on Capitol Hill and President Clinton. However, it will also increase pressure on GOP congressional leaders from within their own party to hold the line on the growth of federal spending.

The new forecasts are expected by the end of this month or early next month from the Congressional Budget Office and the White House's budget office. The two

al spending. But those spending restraints have been tossed aside by both the Republican Congress and the Democratic White House, and federal analysts assume that government spending overall will be allowed to grow at or near the rate of inflation. The prospect of larger surpluses makes it even less likely that Congress would insist on a return to approved "caps" or limits on categories of spending that Congress broke last year.

Both parties have agreed to devote surpluses flowing from Social Security to pay off the national debt.

That will strengthen the government's fiscal position for when the baby boomers' retirement will increase demands for Social Security benefits beyond what payroll taxes can support. Skeptics warn that though the economy continues to outperform expectations, big future surpluses remain only predictions at this point, not money in the bank. Any projections beyond a period of

months are suspect and could be rendered worthless by an unexpected economic downturn, says Stan Collender, senior vice president and managing director of the Federal Budget Consulting Group.

"It's a little like winning the lottery this year and assuming you're going to win it every year thereafter," he says. "Prudent budgeting says you shouldn't be anticipating revenue that may not materialize."

Contributing: Laurence McQuillan and Owen Ullmann.

Federal budget surplus

Projections of the federal budget surplus over the next 10 years are likely to be revised upward in coming weeks:

Current projections	Trillions
Social Security surplus	\$2.3
Total federal surplus	\$3.2
Likely new projections	Trillions
Social Security surplus	\$2.6
Total federal surplus	\$4.2

Source: USA TODAY research

By Alejandro González, USA TODAY

House members may have power, but not money to back it up

By Curt Anderson
The Associated Press

WASHINGTON — Leaders of the House of Representatives are among the most powerful people here, but they are far from the wealthiest, according to 1999 financial disclosure forms released Thursday.

The forms, which list assets, income and debts only within broad ranges, reveal widely disparate income and assets from such things as church appearances to thoroughbred horses to wine grapes, as well as debt from credit cards and children's college tuition.

Speaker Dennis Hastert, R-Ill., owned greater assets than other House leaders, but he also had significant liabilities. He valued a 270-acre farm in Shipman, Ill., a town house in Washington and a building in Plainfield, Ill., each at \$100,000 to \$250,000. But he still owed from \$50,000 to \$100,000 on each of those properties.

Majority Leader Dick Armey, the GOP's second-in-command, ranks near the bottom in personal wealth even though his salary, \$151,800, is very high by national standards. Rank-and-file House members earn \$136,700. Armey, R-Texas, a former college professor, reported no assets.

