



2008 Outlook for Congress and the White House

By William Moore

Someone has labeled every election since World War II as “the most important of a generation.” The 2008 contest may actually live up to the billing. As the postponement of decisive issues grows, the nation’s leaders will have to make decisions that will lead the United States in a direction most likely different from the path we are now on.

Today, the economy is in a slowdown, if not headed for a recession. Congress and President Bush have stacked up unresolved issues as high as Mount Olympus. The tax code is scheduled to implode when President Bush’s tax cuts expire in 2010 and the Alternative Minimum Tax will cost trillions to fix. A spending meltdown looms as Baby Boomers begin to retire, forcing Social Security and Medicare toward insolvency. Transportation funding becomes insolvent first, perhaps in 2009. Divisive social issues involving 12 million undocumented workers, failing education systems and health care that defies restraint demand immediate attention.

The irresolution mountain shrinks when compared to the challenges the next president and Congress face in early 2009: ending an unpopular war while repairing international relationships essential to resolving global trade, military and environmental crises.

For a generation, the nation has engaged low-tax and high-service governance that contributes to a polarized political landscape. Combined with congressional districting that has made bipartisanship a dirty word, Washington has become a city of gridlock occasionally interrupted by centrist coalition lawmaking. The centrist coalition historically responsible for the nation’s environmental protection, balanced fiscal policy and social progress collapsed this year amid debates over the Iraq war, education, immigration, taxes and spending. Energy, ethics and minimum wage accomplishments notwithstanding, Washington’s instruments of policymaking today seldom produce real accomplishments.

The forecast for 2008 is stormy. President Bush’s ability to lead, dented from the beginning by the U.S. Supreme Court’s role in his election and compounded by the conduct of the Iraq war, will wane as the year progresses. Presidents in their final White House year tend to grow weaker as the nation grows weary of their voice and excited about the new executive around the calendar’s corner. Ronald Reagan’s chief eighth year accomplishment was ratification of an arms control treaty. Bill Clinton’s may have been the return of Elian Gonzalez to his father in Cuba. The Bush Administration may reprise President Clinton’s last hour Middle East peace effort, hopefully with a different outcome.

The main role of Republicans and Democrats in Congress in 2008 is to distinguish the parties and set an issue table for their nominees to win the presidency and congressional seats, not to enact bills and make policy.

Washington Republicans' principle legislative instruments are the filibuster and the veto. In the past year, President Bush has vetoed five bills and threatened 84 more. Senate Republicans have already set a record for filibusters in the first 12 months of a two-year congressional session. The record brands Republicans with a negative image that Democrats will try to spotlight.

The Democrats' top agenda items of 2008 are the most vetoed measures of 2007: ending the Iraq war and expanding the State Children's Health Insurance Program. They should be able to duplicate their accomplishment of approving a budget in 2008, but the election campaign will require that Democrats engage the President in a spending fight that won't be resolved prior to November. The election will decide how a short-term spending deal will be structured: either in a December catch-all bill or postponement until February if Democrats think they can get a better deal from George Bush's successor.

Congressional Democrats have learned a lesson from the 2007 spending scrap that they will remember in 2008. President Bush refused to engage Congress in the same kind of compromise deal making that marked his first six years with a Republican majority. While surrendering to the President's domestic spending cap, Democrats asserted their spending and policy goals within the total and punished the Administration's priorities, such as his proposals to increase military and foreign aid spending. If there is a December spending deal, the Democratic leadership in Congress will seek to continue that strategy in 2008. President Bush's priorities will be penalized.

On taxes, nothing will be resolved in 2008. Extension of existing tax policies - including another one-year patch to the Alternative Minimum Tax - may be the most significant tax accomplishment of the year.

There are few concrete accomplishments in the 2008 forecast. Early in the session, Congress will have to extend tax provisions that expired at the end of 2007. Democrats will engage another losing battle over Iraq funding in April or May. Later in the year, Congress will extend a Medicare physician pay raise that expires July 1. Before the election, children's health care will reemerge as a policy focus, dividing Republicans and potentially drawing sharp contrasts between the presidential nominees, but no policy breakthrough will result. Battles over tax breaks for energy producers and Wall Street may emerge throughout the year as funding sources for Democratic priorities.

Although the strategy for Democrats risks being labeled a Do-Nothing Congress, they will work to fix blame on Republicans and challenge voters to join them to change the nation's social direction. Republican senators and President Bush will seek to use

national security issues to brand Democrats as dangerous and argue that incremental Republican change is safer.

No matter who wins on November 6, the new Congress and President will face a momentous agenda that makes top priorities of ending the Iraq war, restoring international relationships and rebuilding the tax system. After climbing that mountain of issues is a daunting series of peaks to ascend: reforming national systems for social insurance, education, health care, immigration and transportation.

It is too early to predict what the nation's path will be in the next president's first term, but it is highly likely that it will be different from the low-tax, high-services state of the recent past. The decisions that voters will make over the next ten months will shape that new direction in ways that finally fulfill the headline of "the most important of a generation."

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