

WASHINGTON POST - 2nd-Term Agenda Will Need Means

Analysis

By Jim VandeHei and Dana Milbank

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President Bush vowed yesterday to pursue second-term goals of reforming the tax code, partially privatizing Social Security, and spreading democracy to Iraq and Afghanistan, an agenda that Republicans say will be constrained by the consequences of his first four years in office: the war in Iraq, widespread distrust of the United States abroad and yawning budget deficits back home.

With bigger Republican congressional majorities and a decisive victory in the popular vote, Bush heads into a second term with a clearer mandate and greater power than he did in 2000 to put a conservative, free-market stamp on U.S. domestic and foreign policy. The president and his advisers interpreted Tuesday's election results as a ringing endorsement of his goals of reducing the size of government, providing taxpayers greater control over their income, and continuing, if not intensifying, the war on terrorism and other security threats.

Vice President Cheney yesterday claimed a "mandate" for change. And Bush plans to pursue his campaign agenda early and aggressively, aides say.

But the president has a relatively brief window, Republican lawmakers say, to leverage his popularity and begin the difficult process of reforming the tax code or Social Security before GOP congressional members start worrying about the midterm elections in 2006 or the presidential race four years from now.

"My concern is a lot of Republicans will not boldly embrace the president's plan for tax reform and Social Security" as elections draw near, said Sen. Lindsey O. Graham (R-S.C.). "We have six months to give the president a legacy he will be proud of."

A bigger concern for some is the potential for problems in Iraq -- or the emergence of new ones in Iran or elsewhere -- to distract the White House. In the weeks ahead, Bush faces tough choices on spending and troop levels in Iraq, how to deal with the Iraqi elections in January, if they take place, and how aggressively to target insurgents.

Top White House officials, confident overseas challenges will not prevent aggressive domestic actions, are further along in planning to permit taxpayers to put a small percentage of their Social Security taxes into private saving accounts, so this could dominate the early part of 2005. "The White House is going to move with it quickly," said Michael D. Tanner of the Cato Institute, "and Congress is going to have to deal with it, whether they want to or not."

The Treasury Department is expected to recommend different tax reform plans next year, too, but many Republicans on Capitol Hill are worried about the political ramifications of overhauling the tax system. Also on the Bush agenda are plans to expand the No Child Left Behind education standards to high schools, limit medical malpractice lawsuits, make permanent tax cuts set to expire in 2010 and, somehow, cut the deficit in half over the next four years.

"We will continue our economic progress. We'll reform our outdated tax code. We'll strengthen the Social Security for the next generation. We'll make public schools all they can be. And we will uphold our deepest values of family and faith," Bush said yesterday.

The president could face unexpected challenges, too, particularly if Chief Justice William H. Rehnquist does not recover from thyroid cancer and the first of what could be several conflicts over Supreme Court nominations ensues. If recent history is an indication, a nomination fight could consume the Senate for months and worsen relations between the two parties.

But Bush's second term will be constrained in many ways, and not just because second terms are historically less adventurous and sometimes slowed by scandal. Bush has yet to form specific proposals for his two biggest ideas, Social Security and tax reform, and both were secondary to terrorism in his campaign.

That's in sharp contrast to 2000, when he arrived at the White House with detailed plans for tax cuts and education overhaul. Bush also finds himself limited in his policy ambitions by a lack of funds; the surplus that greeted him in 2001 is now a record-level deficit. And, in foreign affairs, Bush aides have signaled that they expect a less ambitious second term, in part because the military is already stretched in Afghanistan and Iraq.

Ultimately, the success of Bush's second term is likely to be defined by his ability to meet the obligations he incurred in his first term. His administration has promised to halve the federal deficit, create millions of jobs, move Iraq toward peace and prosperity, and spread democracy through the Middle East.

Most important is Bush's vow to keep the nation safe, the centerpiece of his reelection campaign, but a promise that could put pressure on him to overhaul the intelligence apparatus, as the Sept. 11, 2001, commission recommended, and beef up homeland security, which would divert funds from other programs.

Few expect a continuation of the level of activity, and trauma, of Bush's first term. He led the country through the most devastating attack on its soil and into two wars, toppling the Taliban in Afghanistan and Saddam Hussein in Iraq. He presided over a global al Qaeda manhunt and a massive reorganization and expansion of the government to combat terrorism. In domestic affairs, he championed the largest tax cut in a generation, the largest change in the Medicare program since it began and an overhaul of federal education policy -- all after losing the popular vote in 2000.

But with his victory, Bush has a second chance to reverse his first-term failings. His "compassionate conservatism" was stillborn, as poverty and the number of Americans without health insurance expanded. He made virtually no progress in healing the nation's bitter partisan divide, the one regret he has expressed during the first term and something he touched on in his victory speech yesterday. His foreign policies have fueled unrest in Iraq and estrangement from many allies without calming the explosive Middle East. And he has presided over a net loss of 900,000 jobs.

A Brookings Institution study by Paul C. Light, a professor at New York University's Robert F. Wagner School of Public Service, found that Bush's first-term domestic agenda was the smallest in at least 44 years. Light, comparing Bush with eight predecessors going back to John F. Kennedy, ranked him last in the number of major legislative proposals on his agenda: 18.

Second terms are about legacies. And Republicans are reviving talk of the lofty ambition Bush and his chief strategist, Karl Rove, set back in 1999: a Republican "realignment" that would give the party a broad governing majority. After capturing more House and Senate seats, some Republicans - - and a few Democrats -- say Bush could lock in a long-term GOP majority, especially in Congress, if he can broaden the party's appeal.

Sen. Chuck Hagel (R-Neb.), who has been critical of Bush's foreign policy, said the president is in a "very unique position" to reposition the party because he cannot run again, which puts a premium on purely political calculations; has a vice president who is not interested in succeeding him; and a large enough GOP congressional majority to sometimes work his will. "It's a rare opportunity that does not come along for a president very often," Hagel said.

In his acceptance speech at the Republican convention this summer, Bush packaged his plans as a transformation of the role of government. "In all these proposals, we seek to provide not just a government program, but a path -- a path to greater opportunity, more freedom, and more control over your own life," he said.

It's unclear whether Bush will have the time and energy to do that, or whether national security issues, perhaps involving Iran, North Korea or Pakistan, will intervene. But if calmer times prevail, Bush will have another chance to deliver the presidency he promised four years ago, before Sept. 11, 2001, buried his domestic ambitions.

Staff writer Jonathan Weisman contributed to this report.