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**POLITICS AND POLICY****Conservatives Balk  
As Spending Soars  
In Katrina's Wake**

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WASHINGTON -- The open-ended commitment by President Bush and congressional leaders to rebuild New Orleans and the Gulf Coast is stoking anger among conservatives over the Republican government's record of higher spending and debt.

Following the nation's worst-ever natural disaster, no Republican in Congress is opposing federal aid that already totals \$62 billion and is expected to exceed \$200 billion. But the party's conservative wing, led yesterday by Oklahoma's Tom Coburn in the Senate and Rep. Mike Pence of Indiana in the House, is calling for offsetting "sacrifices" in federal spending. And they're backed by a growing chorus of conservative activists, columnists and bloggers.

"It's not about taking care of the folks that need us," Mr. Coburn said in an interview. "But I wouldn't vote for another penny until we get real about the hard choices of cutting some spending." In what would be a real break for conservatives, Mr. Coburn said he is also not inclined to vote to extend the Bush tax cuts absent some fiscal restraint.


The divisions go to a broader debate over the party's identity and legacy a decade after Republicans broke Democrats' 40-year control of Congress and nearly five years after they captured the White House as well.

But conservatives' rebelliousness threatens a range of Bush initiatives before Congress. Moreover, Republican strategists worry that widespread disenchantment among the party's bedrock conservatives could lead many to stay home in next year's midterm elections.

In a year marked by setbacks to Mr. Bush's foreign and domestic agenda, Hurricane Katrina's costs to the federal government have dashed the one boast Mr. Bush had -- that a sound economy was producing higher-than-expected tax revenue, and bringing down the deficit. Deficits are expected to be much higher than the \$333 billion the White House recently projected for the year ending Sept. 30 and \$341 billion for fiscal 2006.

Ben Bernanke, chairman of the president's Council of Economic Advisers, yesterday told a group of economists, "The costs of rebuilding after Katrina are, of course, substantial and will add to the budget deficit in the near term; incurring those costs is essential if we are to repair the

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unprecedented damage wrought by that natural disaster. This necessary spending should not, however, jeopardize the president's long-term deficit-reduction goals."

Administration officials also express frustration that conservatives in Congress are criticizing the White House even as Congress has balked at making the Medicaid cuts that Mr. Bush had called for earlier this year.

Also taking conservatives' hits is House Majority Leader Tom DeLay, after the Texas Republican this week told reporters that for all the complaints that hurricane spending must be offset by spending cuts, "nobody has been able to come up with any yet." He suggested that the government has little fat. "After 11 years of Republican majority, we've pared it down pretty good," he said.

"This comes as quite a surprise to most Americans," wrote budget analyst Brian Riedl at the conservative Heritage Foundation. He and others, including the Coburn-Pence group, gave Mr. DeLay's office their lists of proposed budget cuts, including some that Mr. Bush proposed in February. Mr. Coburn said the president's budget director, Joshua Bolten, told him there wasn't time to take up such proposals.

Mr. Bolten's spokesman, Scott Milburn, said that given the speed with which the hurricane-relief bills had to be passed, "It's just not realistic to expect that Congress could produce and also agree to offsets of that magnitude in just a few hours. It's also unrealistic to expect that cuts of such magnitude would not cause very deep disruptions in other portions of the budget."

Beyond spending, many conservatives are troubled by the prospect that a new government bureaucracy will be created to handle the Katrina response. Even before Katrina hit, they had become increasingly critical of the White House for the jump in federal spending on Mr. Bush's watch. They also cite the creation of the huge Department of Homeland Security, an expanded federal role in grade-school education and a prescription-drug benefit for Medicare recipients that is the biggest new federal entitlement program since Medicare itself.

Senate Republican leaders this week sent Mr. Bush a letter calling for "a 'Marshall Plan' for the Gulf Coast," in reference to the nation's huge post-World War II effort to rebuild Europe.

Among those who have brought ideas to the White House table is conservative Newt Gingrich, the former House speaker. His model is government-sponsored enterprises such as Fannie Mae and Freddie Mac. Mr. Gingrich proposes a Gulf States Redevelopment Corp., backed by the federal government but controlled and regulated by officials in the region, to issue bonds, make loans and grants, provide natural-disaster insurance, raise taxes and finance public works, including levee reconstruction.

"If we do not have a bold set of solutions to propose in the next week or two, the left will propose a huge government run bureaucratic rebuilding program with maximum welfare and minimum progress," Mr. Gingrich wrote in an email to conservative Republican senators.

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