

Portman's time in Bush White House a double-edged sword (Gannett)

WASHINGTON – By any measure, Rob Portman has a sterling resume: Six-term Cincinnati congressman, U.S. trade representative, White House budget director and U.S. senator.

But those middle two items on Portman's resume almost certainly will be used to tarnish the GOP presidential ticket, if, as many have predicted, Mitt Romney taps Portman to be his running mate.

Nothing in Portman's career has been more controversial than the two years the Ohio Republican spent working in the White House under President George W. Bush--first crisscrossing the globe to push free trade and then in the Executive Office Building crunching budget numbers and defending deficit spending.

These two jobs allowed Portman to widen his international experience and deepen his budgetary know-how, boosting his profile as a possible national candidate. The stint helped the Terrace Park resident vault from a Cincinnati-area congressional seat to the rumored short list for vice president.

"He brings a couple of very important credentials to the table as it relates to... understanding the federal government and our economic position in the world," noted Sen. Roy Blunt, R-Mo., the Romney campaign's liaison to Congress.

But Bush left office a deeply unpopular figure, due in part to the mounting national debt and an economy in full meltdown. The former president's economic legacy would almost certainly cast a shadow over a Romney-Portman ticket.

"It would force Romney to have to defend to the Bush budget record, which was dismal, absolutely dismal," said Stan Collender, a leading federal budget expert and former Democratic staffer for the House and Senate budget committees. "It's one of the reasons I don't think [Portman's] likely to get the selection."

Just consider this attack line:

"On his watch as Bush's trade czar, our deficit with China exploded, sending 100,000 Ohio jobs overseas. As Bush's budget chief, Portman oversaw a spending spree that doubled the deficit."

That's a snippet from an ad Ohio Democrat Lee Fisher used during his unsuccessful 2010 U.S. Senate campaign against Portman. PolitiFact rated the spot "half true," saying the claim that the trade deficit exploded was an exaggeration.

The nonpartisan fact-checking group noted that in the 13 months Portman was the U.S. trade ambassador, America's trade deficit with China increased by about \$228 billion, or 21 percent.

Will China policies haunt Portman?

When he moved on to become Bush's budget director, Portman helped craft the president's budget for fiscal 2008 and wrangled with lawmakers over the annual spending bills. In the end, the deficit that year was about \$459 billion, up from \$161 billion in fiscal 2007.

Experts say those numbers don't tell the whole story. Nor is it fair, they add, to lay full blame for the trade and budget deficits those years at Portman's feet.

Let's start with his time in the trade job.

Portman was making his way up the leadership ladder in the U.S. House when Bush asked him, in April 2005, to join the White House as U.S. trade representative. He'd been in Congress for 12 years and was ready for a change.

"I met with the president... and he convinced me," Portman said at the time. "The time is right."

At his confirmation hearing, Democrats grilled him about the ballooning U.S. trade deficit with China, which had reached \$162 billion the previous year. America's overall U.S. trade deficit had hit a record \$617 billion.

With China representing a significant slice of that figure, critics in Congress said the Bush administration was not being aggressive enough in going after that country for violating trade rules.

"Congress is losing its appetite for further trade deals because it is not confident that the (trade representative) is holding our trading partners to their obligations," Sen. Max Baucus, D-Mont., told Portman at the hearing. "There are reports almost daily about China's failure to comply with the [World Trade Organization's] provisions on intellectual property rights. It's a blatant infringement, and we all know it, and nothing's being done."

Portman promised "a top-to-bottom review" of the U.S.-China trade relationship. "We need to hold their feet to the fire," he vowed.

Once in office, Portman said, "we got very aggressive.... and just made a point of increasing our staffing and resources toward enforcing existing trade laws."

He hired a prosecutor just to handle China trade matters and filed the first successful trade suit against China in the WTO. It was an auto parts case, under which the U.S. accused China of improperly favoring domestic content. "And we won," Portman recalled.

But Daniel Ikenson, a trade policy expert at the libertarian Cato Institute, said Portman's record was not particularly forceful on the China trade front or others

"He started a process that has been picking up speed pretty much ever since," Ikenson said of the U.S.'s trade rapport with China, noting that the Obama administration has

devoted more resources to trade enforcement cases.

But he said it's "a stretch" to say that Portman was responsible for the yawning gap between imports and exports to China.

"It just so happens that U.S. consumers and U.S. businesses purchase more products from China than Chinese consumers and firms purchase from Americans," he said. "That's not a function of trade policy. That is really a function of differences in habits of savings, habits of consumption, monetary policy and fiscal policy."

So did Portman make his mark in other areas while he was the trade ambassador?

"He didn't do anything that really stands out in my mind," Ikenson said, calling Portman's tenure "kind of forgettable."

Asked about that assessment, Portman said: "Nothing could be further from the truth... We worked incredibly hard and made huge progress."

He rattled off a laundry list of accomplishments, noting that he negotiated a textile agreement with China, a lumber agreement with Canada, and opened negotiations on a trade deal with South Korea.

He also helped win passage of the Central American Free Trade Agreement, a major pact with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. When he took the trade job, he said the Bush Administration was about 50 votes short of winning congressional approval for that deal.

"There were 50 people who were either lean no or no, [and who] we had to change over to yes. And I spent hundreds of hours on that," Portman said. "I had over 100 meetings with Democrats alone. No trade representative had ever spent so much time on Capitol Hill and we won that."

on the budget

Portman said he would have stayed in that job, but Bush asked him to take on something else: director of the Office of Management and Budget.

It was a higher-profile post, with more direct access to the president. "I would see him on a regular basis, like a couple times a week, rather than as a normal Cabinet member where you might be in the Oval Office once a month," Portman said. "And it was a much more intense job, because you're in the White House meeting with the senior staff of the president every morning at 7:30 a.m., and involved in literally every decision that's being made."

Portman "will have a leading role on my economic team and will help ensure that the government spends the taxpayers' money wisely — or not at all," Bush said of his new budget chief.

The Senate's top Democrat, Harry Reid of Nevada, had a different take.

“From record trade deficits to record budget deficits, Rob Portman should fit right in at George Bush's OMB," he said.

Still, Portman sailed to Senate confirmation on a voice vote on May 26, 2006. Many Democrats genuinely liked Portman, even if they hated the budget policies he was about to promote.

At OMB, Portman was Bush's point man on most things fiscal—from negotiating with Congress over a \$92 billion emergency spending request to pay for the war in Iraq and hurricane aid, to crafting a \$2.9 trillion budget for fiscal year 2008.

As with other White House budgets, the 2008 blueprint was Bush's wish list, outlining the president's priorities to Congress, which used it as a guidepost in drafting the annual appropriations bills.

The budget Portman crafted was contentious from the get-go, sparking fierce opposition among Democrats who said it hid the full costs of the Iraq and Afghanistan wars and would gut cherished domestic programs.

The plan called for making the 2001 and 2003 tax cuts permanent, at a cost of more than \$500 billion over the five-year life of the proposal. It requested a hefty increase in military spending, along with reductions in low-income housing assistance, environmental initiatives, and health care safety-net programs. And it assumed that war costs would be zero by 2010.

Portman methodically defended the plan as responsible, pro-growth fiscal policy. “The budget reduces the deficit every year and results in a surplus in 2012,” he told lawmakers at a February 2007 hearing. “This is a realistic budget. Instead of painting a rosy scenario on revenues, I believe it's cautious.”

Portman noted that for the first time, the White House had acceded to congressional complaints about using supplemental spending requests, which fall outside regular budget rules, to request funding for the Iraq and Afghanistan wars. In the 2008 plan, the White House requested \$145 billion to pay for those two conflicts.

But Democrats raked Portman over the coals about that and other elements of the proposal.

“We've got a \$3 trillion increase in debt during this administration, and over the next five years we're anticipating, if the president's policies are adopted, another \$3 trillion of debt,” said Kent Conrad, the Budget Committee Chairman and a centrist North Dakota Democrat, told Portman.

Conrad noted that the cost of the Bush tax cuts would “explode” at the same time that Medicare and Social Security were projected to run out of money, a fiscal wreck that would “take us right over the cliff.”

Sen. Robert Menendez, D-N.J., put Portman on the spot over the war budget. Although the White House had included a \$145 billion request for 2008, it only asked for \$50

billion for 2009, and nothing after that. Menendez said there was either “oversight or deceit” in the numbers, for 2008 and beyond.

Menendez tried to get Portman to promise the White House would not come back to Congress seeking additional war funding later that year (he wouldn’t). And he tried to get Portman to acknowledge the 2009 request was too low (he did, but would not say by how much).

“Circumstances change on the ground, and it could go either way honestly,” Portman said. He said the White House had given a “prudent” estimate, as best it could.

A failure to see the financial collapse?

In the end, Congress rejected key elements of Bush’s proposal. That has allowed Portman to shift some of the blame to congressional Democrats when his fiscal predictions of smaller deficits and a 2012 surplus did not materialize.

“The Democrats always wanted to spend more, always,” Portman said last week.

Collender said Portman’s bigger failing as budget chief was not forecasting the economic disaster on the horizon. “At that point, we had fiscal evidence that things were going downhill pretty quickly and the housing market was a problem,” he said. “That would have been the ideal time to deal with it, but it would have forced the president to admit that his economic policies weren’t working.”

Portman didn’t press that case, missing an opportunity to make a bigger impact in the long term, he said. “He was a good soldier carrying the president’s water, but he wasn’t necessarily influential in terms of economic policy,” Collender said.

In an interview last week, Portman said he would relish a fresh argument about Bush’s economic policies versus Obama’s. And he has staunchly defended his tenure at OBM, noting that he crafted a five-year spending plan that would bring the federal budget back into the black.

“Frankly, it was a battle within the White House to get... everybody on board with that,” Portman told reporters in April. “But imagine that, a balanced budget.”

He said he urged Bush to veto his first spending bill — an emergency spending request for the war in Iraq.

“It changed the dynamic,” he said, arguing that Bush’s veto sent a message to Congress that the president would not tolerate big spending.

But Bush’s veto message focused on policy issues, not spending. He objected to restrictions on his ability to deploy troops and to use controversial interrogation methods on suspected terrorists.

He strongly rejected the argument that he should have seen signs of the looming financial crisis, saying “no one saw it coming.”

Overall, he contended that the deficit was actually smaller when he left than when he started. In fiscal year 2006, before he came on board, the deficit was \$248 billion. In 2007, it was \$161 billion, but Portman wasn't in charge for the first 8 months of that fiscal year. The deficit for fiscal year 2008—the main year Portman oversaw budget decisions—was more than \$458 billion.

Portman used the \$161 billion deficit figure to argue that his record was fiscally responsible—compared to other years of the Bush administration and the current deficits run up by President Barack Obama.

“When I was there, we actually had a better fiscal condition than we have had since by far,” he said, arguing that the 2007 deficit was 1/7th of where it stands today. “When I left, the budget deficit was 1.2 percent of our economy. Today it's about 7 percent. I wish we could get back to those days.”

Robert Bixby, executive director of the Concord Coalition, a nonpartisan group that advocates for fiscal responsibility, said Portman was restrained in the job by other administration officials who took a hard line against raising taxes.

“He's obviously a small government, low-tax Republican,” Bixby said. “On the other hand, he's always been interested in reaching across the aisle... I think that's what he tried to do at OMB. But the policy of the administration was that taxes could not be on the table, despite the fact that there was a war and that we had enacted a prescription drug plan... It restricted what Portman could do.”