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As if expectations were not low enough for the special Congressional committee charged with writing a deficit-reduction deal, they seem to be falling by the day as the two parties harden their positions on spending and taxes.

Last week began with contradictory markers from President Obama and Speaker John A. Boehner. Mr. Boehner reiterated that Republicans would oppose any tax increases, and then Mr. Obama, newly aggressive, warned that he would veto any measure that would trim Medicare benefits without also raising taxes on the wealthy.

Each man was reinforcing a stand that most lawmakers in their respective parties had already taken, which is why talks between Mr. Obama and Mr. Boehner broke down twice in July.

The week ended with the Republican-controlled House and the Democratic-controlled Senate at an impasse over a routine but essential measure for financing government operations for the new fiscal year (which will start on Saturday), with Republicans demanding more spending cuts to offset domestic disaster aid. Some Republicans have pushed for even deeper short-term cuts than were agreed to in August in the deal to raise the federal debt ceiling.

Against that backdrop, few in Washington see a politically realistic way for the 12 members of the joint House-Senate deficit committee, six from each party, to meet their mandate to identify at least \$1.2 trillion in deficit reductions over 10 years. People in both parties worry that the panel, which plans to meet privately this week, could fall far short of that goal or deadlock altogether, with potentially damaging economic consequences.

“Democrats cannot accept another ‘spending cuts only’ bill that makes them look like they got rolled,” said Maya MacGuineas, fiscal policy director at the New America Foundation, a centrist research group. “And Republicans will not accept new revenues. So I just can’t envision how they get to \$1.2 trillion.”

The result would be \$1.2 trillion in automatic spending cuts in January 2013 — half from Pentagon programs, a prospect that is raising alarms in the military and among defense contractors. More immediately, another episode of political dysfunction like the one that preceded the parties’ last-minute deal to raise the debt limit last month could risk another downgrade of the nation’s credit rating, representatives of the rating firms privately warned senators last week.

Under the debt limit deal, the White House and Congress set spending caps that already cut nearly \$1 trillion in projected spending over 10 years. So budget analysts point out that the committee could not get an additional \$1.2 trillion in deficit reductions solely through spending cuts without slicing more deeply into programs than some Republicans could support.

“Wringing all of the required deficit reduction out on the spending side would represent a very unbalanced and unhealthy diet,” said Robert D. Reischauer, a former director of the Congressional Budget Office.

The committee, created by the debt deal, only recently began work to meet its Nov. 23 deadline. If a majority of its members reach agreement, Congress must vote on their plan by Dec. 23 without filibusters or amendments — a rare legislative fast track.

For the first time since Republicans won control of the House nearly a year ago, Democrats believe that they have the advantage — a result, administration officials say, of terms they negotiated in the August compromise that many liberals denounced as a sell-out.

Under those terms, Republicans cannot threaten a default again to get their way, because the deal increased the debt limit enough to cover borrowing through 2012. Also, the automatic cuts in 2013 would hit military programs hard — an outcome Republicans are more eager than Democrats to avoid — while Medicaid and Medicare benefits are exempt.

Another factor increasing Democrats' leverage: the Bush-era tax cuts expire after 2012. Mr. Obama vows to sign an extension only for households with taxable income under \$250,000; not extending the Bush rates for higher incomes would raise about \$1 trillion over a decade — though, of course, if Republicans control the White House and Congress in 2013, they could try to renew the cuts for the wealthy.

So, while they could be bluffing, some Democrats say a deadlock might be fine with them. The automatic spending cuts and the higher revenues would reduce annual deficits enough to stabilize the federal debt in this decade, without hitting entitlement benefits for Medicare and Medicaid. (Those programs' growth after this decade, however, is projected to drive deficits up again to unsustainable levels.)

A partisan impasse does hold risks for Mr. Obama. His job-creation plan would probably be a casualty. And a negative reaction in financial markets would further weaken economic growth heading into his re-election bid.

Some economists and Democrats on Wall Street say a financial crisis is not a risk because there is no threat of default this time, and because the markets have such low expectations for the panel. But other forecasters are sounding a different note.

“If we were to pick the issue that stands out most at the moment, it is the failure of governing in Washington at a time when many Americans are hurting,” Bernard Baumohl, chief global economist for the **Economic Outlook Group** of Princeton, N.J., wrote to clients last week. He cited “a real fear that the gap between the two sides is unbridgeable.”

Should the parties stand their ground on taxes and entitlement programs, the committee could avert total failure with a package of several hundred billions of dollars in spending cuts identified in past bipartisan negotiations, including reductions in farm subsidies and federal employee retirement programs.

But many Democrats would resist. “I don't like that because it suggests all spending cuts,” said Representative Chris Van Hollen, a Democrat on the panel. “I also think we need to come up with something serious.”

Mr. Obama's preference remains the "grand bargain" that eluded him with Mr. Boehner — with short-term stimulus measures and long-term deficit reduction greater than mandated for the committee, including higher revenues and savings from entitlement programs.

Last week, Senator Mark Warner, Democrat of Virginia, and Ms. MacGuineas of the New America Foundation hosted a dinner for about 60 people — equal numbers of Republican and Democratic lawmakers, along with corporate executives and economists — to discuss how to build pressure for such a compromise. Among the guests were two members of the deficit panel, Mr. Van Hollen and Senator Rob Portman, Republican of Ohio.

The slim hopes for a grand bargain rest on the parties' mutual interest in overhauling the tax code to rein in tax breaks and using the new revenues to lower taxpayers' rates.

"Tax reform is the door opener," said Senator Ron Wyden, Democrat of Oregon. "It is a way to generate revenue that both Democrats and Republicans can support."

Several conservatives, even those who are strongly antitax, agree. "That's the best chance we have of a big deal," said Representative Jeff Flake, Republican of Arizona.

But Democrats and many budget groups say some of the new revenues should go to reduce deficits, while many Republicans insist that all must go to cutting tax rates.

The chairmen of the Congressional tax committees — Representative Dave Camp, Republican of Michigan, and Senator Max Baucus, Democrat of Montana — are on the deficit committee and have been discussing the issue, aides say. Their committees also have jurisdiction over Medicare and Medicaid.

The deficit panel would not have time to negotiate the details for changing the tax code and entitlement programs. Instead it could set deficit-reduction goals for revenues and spending and let the committees with jurisdiction fill in the details — if Republicans and Democrats can first agree on the goals.