

October 4, 2013

Today's special Shutdown edition of *Pickings* starts with Craig Pirrong at Streetwise Professor.

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But the most important cause of the current impasse is that a hardcore partisan president is partisan out of near religious conviction in his righteousness, and the near religious conviction that his opponents are evil. He is willing to compromise on things he doesn't really care about- and Syria and Iran fall into that category-but it's a zero sum game to him on domestic matters. He doesn't want to win: he wants to extirpate his enemies. Beginning to understand this, the Republicans have every incentive to double down. Meaning that the conflict and crisis will only metastasize.

Every day I pray more fervently that Adam Smith ("much ruin in a country") and Bismarck ("a special providence for . . . the United States of America") are right. We're testing both.

John Fund corrects some of the misconceptions about the 1995 shutdown.

... Deeply ingrained in the psyche of every congressional Republican is the government shutdown of 1995, for which Republicans were blamed. While many Republicans now believe the shutdown was a mistake, more think the problem was that the party lost its nerve.

Former Clinton aide George Stephanopoulos, now host of ABC's This Week, has validated that view. In his memoir, he wrote that Democrats, until then holding out against the Republicans' budget-limiting efforts, were close to blinking. "Clinton was grumpy, the rest of us were grim," until suddenly news came that Senate majority leader Bob Dole and House speaker Newt Gingrich were blinking first. "Whether the cause was hubris, naïveté, or a failure of nerve," Stephanopoulos explained, "the Republicans had blown their best chance to splinter our party; from that point on, everything started breaking our way."

Dick Morris, then a top Clinton strategist, agrees with Stephanopoulos's analysis. In his book Behind the Oval Office: Getting Reelected Against All Odds he writes, "We were greatly surprised when the Republicans surrendered by offering to reopen the government without getting a budget deal and without any commitments from us other than to balance the budget in seven years based on [Congressional Budget Office] numbers. We all knew this was GOP surrender."

"What was frustrating about it is, is that we were this close," Ed Gillespie, a top aide to then-House majority leader Dick Armey, told Fox News years later. Republicans were on the verge of "winning the government shutdown fight. In my estimation, if we'd have hung in there 48 hours more, the worm was about to turn. . . . If we'd had the strength to hang in there another two days, we would have done it on our terms. But we didn't."

President Obama and Senate majority leader Harry Reid have read that history and are determined to wait until the markets, or angry constituents or poll numbers, drive the Republicans into another surrender. But Obama knows the longer the shutdown continues, the more he stands to lose. ...

WSJ OpEd also corrects some bad history.

As the government shutdown continues, the nation gets closer and closer to the day—probably Oct. 17—when Washington hits the debt limit, and with it the specter of default. President Obama may be getting nervous about what will happen to his negotiating position as that day approaches.

He keeps asserting that the debt limit has never been used "to extort a president or a government party." Treasury Secretary Jack Lew is selling the same story, saying "until very recently, Congress typically raised the debt ceiling on a routine basis . . . the threat of default was not a bargaining chip in the negotiations."

This is simply untrue. Consider the shenanigans of congressional Democrats in 1989 over Medicare's catastrophic health coverage provision. ...

And a **WaPo OpEd** with the same.

One party controls the White House and the Senate by less than the margin needed to end a filibuster, and the other party controls the House by a wide margin. A fundamental conflict over government spending is at the heart of an impasse that leads to a shutdown of the federal government.

The year is not 2013 but 1981 . . . and 1982, 1984, 1986 and 1987. That's right, the Reagan years, when President Ronald Reagan and House Speaker Tip O'Neill would work things out and avoid having to close the Washington Monument. With all due respect to Chris Matthews and other purveyors of this narrative popular in today's Washington, the reality was quite different.

I joined the staff of the Office of Personnel Management in 1981. Soon after, several decisive actions by the president demonstrated his determination to show that lines had been crossed. One came in August with the firing of striking air traffic controllers. Another came Nov. 20, when Reagan vetoed an appropriations bill that did not achieve at least half of his proposed reduction of \$8.4 billion in domestic spending. In the absence of appropriations, the administration shut down the government for four days. ...

Yuval Levin on what the end might look like.

NR's Bob Costa, whose reporting on Congress has been second to none, has been reporting all week that John Boehner thinks the CR and debt-ceiling mess could end in a meaningful budget deal. Others have now confirmed his reporting, and apparently Boehner has been making the case to members and brought it up at yesterday's White House meeting.

Could it work? Stranger things have happened, though I can't think of very many right now. But I think the term "grand bargain," which Bob and others have been using, isn't right to describe what Boehner and some other House Republicans seem to have in mind. From what has been reported so far, it seems like they're talking about a fairly modest deal to move some of the sequester caps upward and replace the savings (which come from discretionary cuts) with equal savings that come from entitlement cuts. What might that look like? ...

... The Democrats, meanwhile, have locked themselves into a position of total intransigence on the debt ceiling and say they will only negotiate on the budget if Republicans send them a clean one (in other words, one that involves no negotiation). They've been confident that they can sustain the argument that Republicans won't compromise even as Democrats refuse to compromise. They know they can count on a friendly media narrative, and it has mostly succeeded so far, but they also know they are vulnerable on the Vitter amendment, that the House's small-bill strategy is cracking their wall a little, and that at the end of the day there really has to be an increase in the debt ceiling. They have been very poorly served by their leadership, especially Harry Reid's bizarre repressed rage; they began their negotiations at the Republicans' budget numbers and so have never had anything substantive to win in this process; and they risk losing any symbolic victory if they can't back down from their total obstinacy.

The way out of this jam (which is a much bigger jam for Republicans than Democrats, let's be clear) would therefore need to be an agreement that Republicans can honestly present as a debt-ceiling deal that involves a budget compromise and Democrats can honestly present as a budget deal that involves a debt-ceiling increase. That's what the outcome Boehner seems to envision would offer. In the process, some portion of the sequester caps would be lifted without increasing overall spending and some modest entitlement reforms would be enacted without fundamental changes the Democrats detest.

Could it work? Maybe. But the political system that could pull it off would probably not have gotten into the situation that requires it.

Streetwise Professor

[Square This Circle](#)

by Craig Pirrong

Obama asserts 2 propositions vigorously:

1. I will not negotiate with the Republican Party leadership in Congress. (With Republicans in Congress mind you. Mullahs, Putin-whole different story.) (Given Democratic comparisons of the Republicans to suicide bombers, the Taliban, etc., perhaps this is a corollary of the "We don't negotiate with terrorists" principle.)

2. [I have bent over backwards to work with the Republican Party.](#)

The scary thing is that I am pretty sure that Obama believes this. It's not an act. He sees no contradiction whatsoever between these irreconcilable beliefs. He believes he's been totally flexible and accommodating. Totally.

Look. I think that Obamacare is a disaster, but that the Republicans played this like idiots: they aren't known as the Stupid Party for nothing. Ted Cruz was a debating star at Princeton who thought that studying with alums of "lower Ivies" (like Penn) at Harvard Law was beneath him, but he strategized this like the holder of a diploma from a penitentiary correspondence school. If anything, this strategy has cemented Obamacare, rather than undermined it.

But the most important cause of the current impasse is that a hardcore partisan president is partisan out of near religious conviction in his righteousness, and the near religious conviction that his opponents are evil. He is willing to compromise on things he doesn't really care about--and Syria and Iran fall into that category--but it's a zero sum game to him on domestic matters. He doesn't want to win: he wants to extirpate his enemies. Beginning to understand this, the Republicans have every incentive to double down. Meaning that the conflict and crisis will only metastasize.

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National Review

No Retreat, No Surrender

Republicans know they must avoid looking weak in the shutdown fight.

by John Fund

Republicans have partially planned and partially blundered into a government shutdown, and they appear to have no clear exit strategy. For now, many of them think it has become a test of their manhood. If they blink and pass a "clean" spending bill, they will lose face and enter talks over the looming mid-October debt-ceiling fight in a weakened position.

"We're not going to be disrespected," Representative Marlin Stutzman, an Indiana Republican, told the *Washington Examiner*. "We have to get something out of this. And I don't know what that even is." That kind of thinking doesn't inspire confidence.

Timing is everything. For now, Republicans are holding together, but in about a week the financial markets are likely to go down, putting immense pressure on Republicans to abandon the shutdown fight. In 2011, the Dow Jones Industrial Average fell by more than 15 percent over a three-week period during that fall's budget and debt-ceiling fight.

Deeply ingrained in the psyche of every congressional Republican is the government shutdown of 1995, for which Republicans were blamed. While many Republicans now believe the shutdown was a mistake, more think the problem was that the party lost its nerve.

Former Clinton aide George Stephanopoulos, now host of ABC's *This Week*, has validated that view. In his memoir, he wrote that Democrats, until then holding out against the Republicans' budget-limiting efforts, were close to blinking. "Clinton was grumpy, the rest of us were grim," until suddenly news came that Senate majority leader Bob Dole and House speaker Newt Gingrich were blinking first. "Whether the cause was hubris, naïveté, or a failure of nerve," Stephanopoulos explained, "the Republicans had blown their best chance to splinter our party; from that point on, everything started breaking our way."

Dick Morris, then a top Clinton strategist, agrees with Stephanopoulos's analysis. In his book *Behind the Oval Office: Getting Reelected Against All Odds* he writes, "We were greatly surprised when the Republicans surrendered by offering to reopen the government without getting a budget deal and without any commitments from us other than to balance the budget in seven years based on [Congressional Budget Office] numbers. We all knew this was GOP surrender."

"What was frustrating about it is, is that we were this close," Ed Gillespie, a top aide to then-House majority leader Dick Armey, told Fox News years later. Republicans were on the verge of "winning the government shutdown fight. In my estimation, if we'd have hung in there 48 hours more, the worm was about to turn. . . . If we'd had the strength to hang in there another two days, we would have done it on our terms. But we didn't."

President Obama and Senate majority leader Harry Reid have read that history and are determined to wait until the markets, or angry constituents or poll numbers, drive the Republicans into another surrender. But Obama knows the longer the shutdown continues, the more he stands to lose.

The same is true of Senate Democrats, many of whom are up for reelection in GOP-leaning states in 2014. They have already had to take a series of votes that make them vulnerable to attack ads claiming they voted for exempting Congress from part of Obamacare and against reopening popular parts of government such as national parks.

As Charlie Cook, an analyst with the *National Journal*, points out, Obama's approval rating among Democrats is now only 77 percent, and among independents only 37 percent. "Republicans are greatly exposed, and could come out of this badly damaged," he writes. "But as we saw in 2011, in a fight like this one, everyone can end up looking bad."

Obama and his fellow Democrats know they could wind up losers in this fight, which may explain why they have sometimes sounded defensive and petulant in their public statements. Majority Leader Reid has railed against the "tea-party anarchists" leading the House Republicans. Obama has characterized GOP leaders as "reckless and irresponsible."

Obama has been sounding that theme for months. In January, Major Garrett of CBS News asked Obama why, if previous presidents had negotiated agreements over the budget and debt ceiling, he was refusing to even consider any compromise with House Republicans.

"What Chuck [Todd] and I think many people are curious about is this new adamant desire on your part not to negotiate when that seems to conflict with the entire history in the modern era of American presidents in the debt ceiling and your own history on the debt ceiling," Garrett said to Obama at a news conference.

Obama replied that he refused to discuss any terms with obstinate members of Congress who wanted to "blow up the economy" if they did not get their way.

"What's different is we never saw a situation as we saw last year in which certain groups in Congress took such an absolutist position that we came within a few days of defaulting [on the debt]," he said.

When Garrett tried to ask follow-up questions, Obama interrupted him, saying, “No, not whatever Congress sends me. They’re going to have to send me something that’s sensible.”

As Garrett attempted to ask another question, Obama interrupted again. “This is the United States of America, Major! We can’t manage our affairs in such a way that we [can’t] pay our bills?”

So it appears that the fiscal affairs of the world’s largest economy are being held hostage to a test of manhood. Both sides instinctively realize that whichever one blinks first will be declared the loser and be weakened in future negotiations.

That’s why, having started this unfortunate adventure, Republicans are better off not blinking. Whether or not they can keep up the staring contest is debatable. Democrats, remembering their experience during the 1995 shutdown, are betting everything that Republicans can’t.

WSJ

Obama Rewrites Debt-Limit History

Congresses run by both parties have used the borrowing limit as political leverage with a president.

by Kevin Hassett and Abby McCloskey

As the government shutdown continues, the nation gets closer and closer to the day—probably Oct. 17—when Washington hits the debt limit, and with it the specter of default. President Obama may be getting nervous about what will happen to his negotiating position as that day approaches.

He keeps asserting that the debt limit has never been used “to extort a president or a government party.” Treasury Secretary Jack Lew is selling the same story, saying “until very recently, Congress typically raised the debt ceiling on a routine basis . . . the threat of default was not a bargaining chip in the negotiations.”

This is simply untrue. Consider the shenanigans of congressional Democrats in 1989 over Medicare’s catastrophic health coverage provision.

In this case, the problem was political infighting within the Democratic Party between the House and the Senate. “Weeks of political maneuvering brought the government to the brink of financial default,” the New York Times wrote on Nov. 8 of that year. The debt limit was raised just hours before all extraordinary measures to avoid default were exhausted. The final bill dropped any action on Medicare but included a measure to repeal 1986 tax rules barring discrimination in employer-paid health insurance plans.

The Obama administration’s campaign to make the debt limit appear non-negotiable might reflect concern that Republican congressional strategy might actually work. Six out of 10 Americans say “it is right to require spending cuts when the debt ceiling is raised, even if it risks default,” according to a Sept. 26 Bloomberg poll. (Only 28% say “the debt ceiling should be raised when necessary, with no conditions.”)

One thing is certain: The debt limit has been a powerful negotiating tool in the last several decades. It has enabled the passage of important additional legislation.

According to the Congressional Research Service, Congress voted 53 times from 1978 to 2013 to change the debt ceiling. The debt ceiling has increased to about \$16 trillion from \$752 billion. Of these 53 votes, 29 occurred in a Congress run by Democrats, 17 in a split Congress, and seven in a Republican-controlled Congress.

While large increases that give the U.S. Treasury a healthy amount of borrowing space happen occasionally, small short-term increases are common. In 1990 alone, while Republican George H.W. Bush was in the White House, a Democratic-controlled Congress voted to increase the debt limit seven times.

Congressional Republicans who want legislative conditions in exchange for a debt-limit increase are following a strategy that has been pursued by both parties the majority of the time. Of the 53 increases in the debt limit, 26 were "clean"—that is, stand-alone, no strings-attached statutes. The remaining debt-limit increases were part of an omnibus package of other legislative bills or a continuing resolution. Other times, the limit was paired with reforms, only some of which were related to the budget.

In 1979, a Democratic Congress increased the debt limit but required Congress and the president to present balanced budgets for fiscal years 1981 and 1982. In 1980 the debt limit, again increased by a Democratic Congress, included repeal of an oil-import fee. In 1985, the debt limit that was raised by a divided Congress included a cigarette tax and a provision requiring Congress to pursue an alternative minimum corporate tax in the next year.

Most recently, a divided Congress that passed the 2011 debt-limit increase included the Budget Control Act which aimed to reduce the deficit by \$2.4 trillion over 10 years and included the automatic budget sequester that kicked in on Jan. 1.

As the finger pointing begins, it is important to keep this history in mind. All told, congressional Democrats have been responsible for 60% of the "dirty" increases when the debt limit was raised alongside other legislative items. Republicans were responsible for 15%. The remaining 25% occurred during divided Congresses.

Of the Democratic dirties, six occurred when Democrats also controlled the White House, and 10 occurred when a Republican controlled the White House. For Republicans, all four occurred while a Democrat held the presidency.

Debt-limit votes often have been contentious, but on the whole they serve an important function. First, they force painful votes by legislators who would prefer to offer supporters free lunches through unfunded spending programs. Without these votes, politicians of both parties would have a significantly easier time ignoring fiscal discipline.

Second, debt-limit votes have provided a regular vehicle for legislation. Divided governments have a difficult time passing anything. Since the consequences of government default are so severe, debt-limit legislation has always passed in the end, and it has often included important additional legislative accomplishments.

Third, the debt limit has provided significant leverage to the minority party and has been a check on the power of the presidency.

Republicans today are playing a role that has been played many times. While the debt-limit kabuki inevitably roils markets as deadlines approach, the alternative absence of fiscal discipline would make government insolvency more probable in the fullness of time.

Trying to separate ObamaCare from the debt limit, President Obama has asserted that his health law has "nothing to do with the budget." His argument is eagerly echoed by an at-best ignorant media. The Affordable Care Act was passed under "reconciliation"—a legislative process that is used *only* for budget measures and which limits congressional debate.

The notion that legislation passed as part of a budget might be reconsidered as part of subsequent budget legislation should be uncontroversial. Perhaps that is why the administration has staked so much on its misrepresentation of history.

Mr. Hassett is director of economic policy studies at the American Enterprise Institute, where Ms. McCloskey is a program director.

Washington Post

Shutdowns have been frequent tools of policy. Just ask Reagan.

by Joseph A. Morris

One party controls the White House and the Senate by less than the margin needed to end a filibuster, and the other party controls the House by a wide margin. A fundamental conflict over government spending is at the heart of an impasse that leads to a shutdown of the federal government.

The year is not 2013 but [1981 .□.□. and 1982, 1984, 1986 and 1987](#). That's right, the Reagan years, when President Ronald Reagan and House Speaker Tip O'Neill would work things out and avoid having to close the Washington Monument. With all due respect to [Chris Matthews](#) and other purveyors of this narrative popular in today's Washington, the reality was quite different.

I joined the staff of the [Office of Personnel Management](#) in 1981. Soon after, several decisive actions by the president demonstrated his determination to show that lines had been crossed. One came in [August with the firing of striking](#) air traffic controllers. Another came Nov. 20, when [Reagan vetoed an appropriations bill](#) that did not achieve at least half of his proposed reduction of \$8.4 billion in domestic spending. In the absence of appropriations, the administration shut down the government for four days.

That shutdown ended with the passage of a "clean" continuing resolution that provided appropriations through Dec. 15, during which time a deal was negotiated for funding the remainder of the fiscal year. But on Oct. 1, 1982, a battle over spending levels again resulted in a shutdown. After two days, Congress passed a short continuing resolution. When that expired Dec. 17, another shutdown ensued, lasting five days. It ended with an agreement in which Democrats dropped their demand for a hugely expensive "jobs bill" and Reagan gave up funding for the MX missile program.

A year later, in November 1983, it was déjà vu all over again. O'Neill and other House Democrats voted to increase education by a billion dollars beyond the president's request and made deep cuts in defense. A short-term continuing resolution expired, and a five-day shutdown began. It ended with a compromise in which education funding increased by just \$100 million and the MX missile was funded.

In the presidential election year of 1984, Democrats insisted on a massive increase in funding for water projects and a civil rights legislative package. Republicans attached to the continuing resolution a crime bill that Reagan had proposed. A brief shutdown ensued on Oct. 1, just a month before Election Day. The parties agreed to a temporary extension to keep negotiating, but that too expired before Democrats dropped their water-project funding and civil rights legislation, after which Reagan signed a one-year continuing resolution.

Later, in Reagan's second term, there were two more shutdowns: in October 1986 and December 1987.

In none of these instances did the world come to an end. In each of them, the president engaged in good-faith negotiations to resolve the impasse. Reagan never refused to talk seriously with O'Neill and House Democrats. Each side approached shutdowns as an "action-forcing event," in which hard bargaining would take place.

Both sides recognized that the power of the purse was the most important power that Congress wielded and that a great deal of policy was made through spending decisions. They understood that it was perfectly legitimate for both a president and Congress to use spending fights as a forum for the resolution of policy disputes.

In today's Washington, by contrast, President Obama has long refused even to consider talking with House Republicans, despite the fact that the Affordable Care Act remains enormously unpopular and is plagued with major implementation problems. ([One meeting with congressional leaders](#), as happened Wednesday, is not really negotiating.) For their part, House Republicans have been badly burned by a president who has reneged on negotiated agreements in the past. They have little incentive to play Charlie Brown to Obama's Lucy and her football.

In one sense, government shutdowns have often been part of the push and pull of Washington's appropriations process. But this time things are different.

Democrats who chose to force through a fundamental change in the nation's health-care system without a single Republican vote when they controlled both legislative branches are simply refusing to come to terms with the fact that the House is now controlled — by a wide margin — by the other party. House Republicans have won two successive elections based in no small part on their opposition to Obamacare. The president ignores that fact only at his — and the nation's — peril.

Joseph A. Morris was general counsel of the Office of Personnel Management from July 1981 to December 1985.

A (Non-)Grand Bargain?

by Yuval Levin

NR's Bob Costa, whose reporting on Congress has been second to none, has been reporting all week that John Boehner thinks the CR and debt-ceiling mess could end in a meaningful budget deal. Others have now confirmed his reporting, and apparently Boehner has been making the case to members and brought it up at yesterday's White House meeting.

Could it work? Stranger things have happened, though I can't think of very many right now. But I think the term "grand bargain," which Bob and others have been using, isn't right to describe what Boehner and some other House Republicans seem to have in mind. From what has been reported so far, it seems like they're talking about a fairly modest deal to move some of the sequester caps upward and replace the savings (which come from discretionary cuts) with equal savings that come from entitlement cuts. What might that look like?

The Republican version of such a deal would presumably look like the kinds of sequester-replacement proposals the House Republicans have offered this year, maybe together with some pro-growth measures. In other words, it would look a fair bit like parts of the much-maligned "wish list" that Republicans proposed as their opening debt-ceiling offer last month, which had its roots in their sequester-replacement ideas. It wasn't nuts as an opening move, and it still isn't, though obviously some of the bigger elements (like the delay of Obamacare and the Ryan budget tax framework, which they tacked on to that list) wouldn't survive negotiations or be part of a small deal. A pared down list would be a logical starting place for Republicans.

A Democratic version of such a deal, meanwhile, would presumably look like the sorts of sequester-replacement proposals the White House offered this year and last, which included some very modest entitlement reforms of a Democratic sort and a significant tax increase.

It is not actually that difficult to see a plausible middle ground between those approaches — a small deal that takes just a little from each side's list: raising the sequester caps, enacting more modest entitlement reforms than Republicans would like, and increasing revenue through those reforms rather than with another explicit tax increase. The chained-CPI reform the parties have discussed before, for instance, would increase revenue by \$100 billion over a decade while reducing spending by about \$130 billion. Add another \$170 billion in ten-year spending cuts and you've got a \$400 billion deal at a 3-to-1 ratio of spending cuts to revenue increases.

Republicans would probably be open to a different balance of revenue and spending if some meaningful Obamacare concessions were possible — like a delay of the individual mandate — but if Obamacare is off the table at this stage then this could be as far as it goes. The additional \$170 billion could then come from other health-entitlement reform, like restructuring Medicare's deductibles and limiting supplemental "Medigap" coverage (as Senators Coburn, Burr, and Hatch have proposed in recent years). Some additional means testing of Medicare could also be part of such a package, and means testing as it has generally been done in that program has involved revenue (charging wealthier seniors higher premiums) rather than spending reductions (like a means-tested increase of the age of eligibility). I think the latter approach would be better, but the former is a revenue-raising approach Republicans have long been open to, and they would probably be willing to count it as a spending cut if that were necessary. If not Medicare, those additional savings could come from non-health entitlement reforms — selections from the lists put forward by the White House and the House Republicans could yield that amount.

The substantive appeal of this kind of approach is that it replaces short-term sequester cuts with entitlement reforms that add up to much more over time. In terms of near-term deficit reduction, Republicans and Democrats have actually made a fair bit of progress in the past few years. In 2010, the Simpson-Bowles commission proposed a combination of reforms that they projected would bring the deficit down to 2.3 percent of GDP in 2015. CBO now projects that, with the spending cuts achieved by House Republicans in the last few years and the tax increase the Democrats got in the fiscal-cliff deal, the deficit will actually be lower than that, 2.1 percent of GDP, in 2015. But because it involved entitlement reforms that yielded cascading savings and not just crude discretionary-spending cuts and tax increases, the Simpson-Bowles approach would have kept bringing the deficit and debt down after that, while on our current course CBO projects the deficit will be back to 3.2 percent of GDP by 2020 (Simpson-Bowles projected their reforms would have it at 1.2 percent of GDP in that year) and rise from there, and that over the coming decade we will add \$7 trillion to the debt. Replacing sequester cuts with entitlement reforms will help far more with our horribly daunting medium-term fiscal problem.

The political appeal of this kind of approach, meanwhile, is that it offers each party a way out of the corner it's in. But I think those corners aren't exactly what they seem.

Republicans right now don't seem to think they need a way out of the shutdown so much as they need a way to get something for a debt-ceiling increase. They could after all end the shutdown at any time and still get a small Obamacare concession by sending the Senate a short-term CR with just the Vitter amendment attached to it (which undoes the special relief Congress got from the administration from the provision of Obamacare that requires members and staff to be dumped into the exchanges). The Democrats could not defend keeping the government shut just to protect their own health coverage from their own law. Republicans know how much the Democrats hate the Vitter amendment: Their extremism in opposing it, from drafting proposals to deny health coverage only to senators who solicited prostitutes (as Vitter did) to leaking private e-mails among leadership staff to embarrass Republicans over the amendment, is a plain sign of desperation. But Republicans haven't pulled this card yet in part because many of them don't think the shutdown is hurting them (I think they're wrong about that) and in part because, as those leaked emails showed, many of them hate the Vitter amendment too (I think they're wrong about that too). It may yet come if Republicans decide they need a quick end to the shutdown, but at the moment they seem more focused on the debt ceiling.

The Democrats, meanwhile, have locked themselves into a position of total intransigence on the debt ceiling and say they will only negotiate on the budget if Republicans send them a clean one (in other words, one that involves no negotiation). They've been confident that they can sustain the argument that Republicans won't compromise even as Democrats refuse to compromise. They know they can count on a friendly media narrative, and it has mostly succeeded so far, but they also know they are vulnerable on the Vitter amendment, that the House's small-bill strategy is cracking their wall a little, and that at the end of the day there really has to be an increase in the debt ceiling. They have been very poorly served by their leadership, especially Harry Reid's bizarre repressed rage; they began their negotiations at the Republicans' budget numbers and so have never had anything substantive to win in this process; and they risk losing any symbolic victory if they can't back down from their total obstinacy.

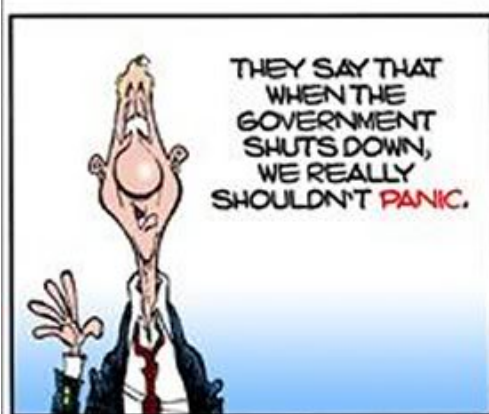
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budget deal that involves a debt-ceiling increase. That's what the outcome Boehner seems to envision would offer. In the process, some portion of the sequester caps would be lifted without increasing overall spending and some modest entitlement reforms would be enacted without fundamental changes the Democrats detest.

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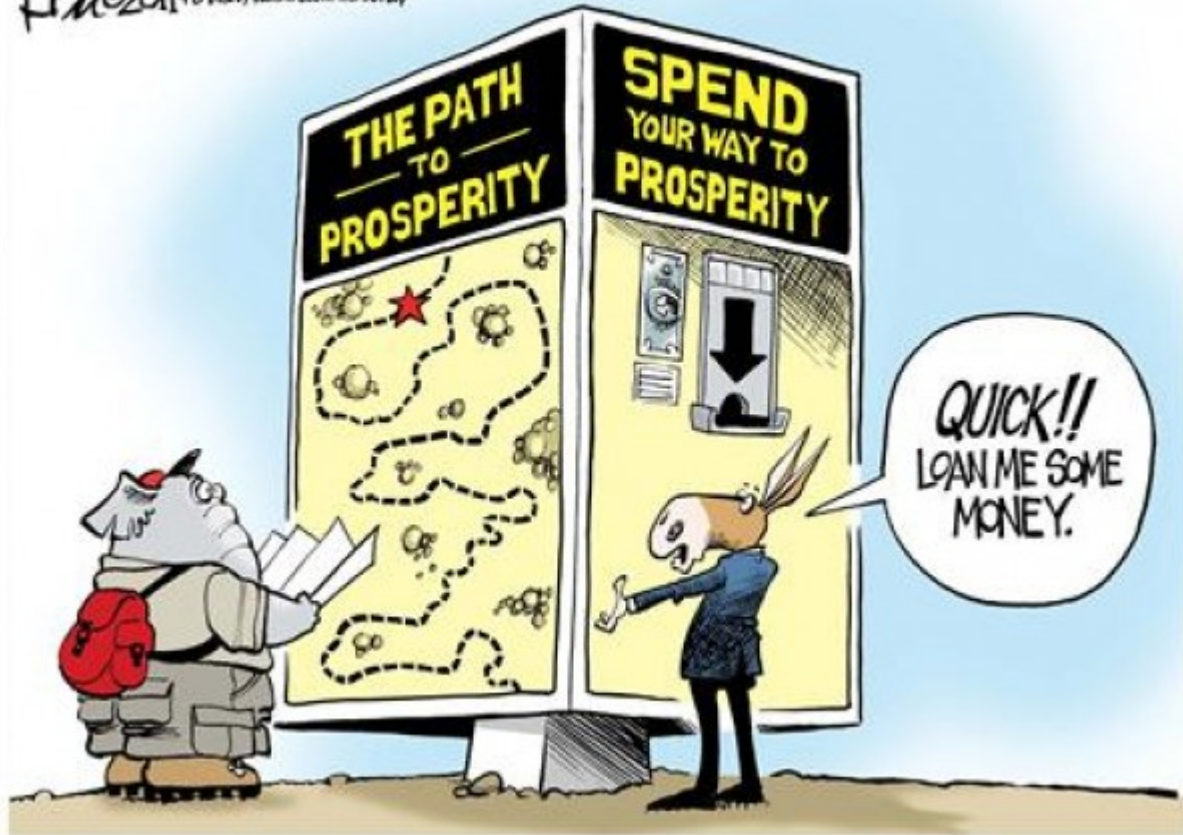




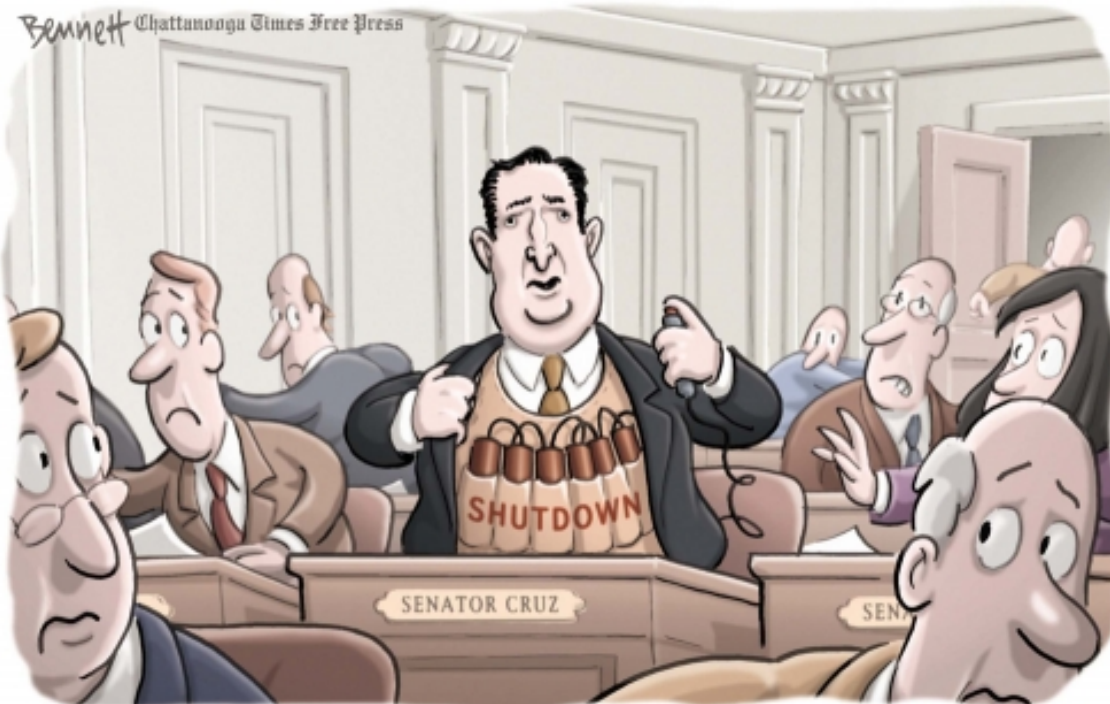
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BO'S CAFÉ LIFE

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